As of 11 a.m. ET **DJIA** 10286.19 ▼ 1.00% **FTSE 100** 5223.13 ▼ 1.65% **Nikkei 225** 10140.47 ▼ 0.27% **Shanghai Comp.** 3296.66 ▼ 1.06% **Hang Seng** 22060.52 ▼ 1.18% **Sensex** 17227.68 ▲ 1.44% **S&P/ASX 200** 4670.65 ▼ 0.12%

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Japan plans $80 billion for economy

Hatoyama government's stimulus package covers essentials but some analysts call for bolder policies to stem malaise

By Yuka Hayashi

TOKYO—Japan's new government unveiled an $80 billion stimulus package aimed at preventing a double-dip recession, but some economists said leaders have yet to offer a plan to end nearly two decades of economic malaise.

The stimulus plan was seen widely as an early test of how the center-left government will fight economic woes such as deflation and a rising yen.

The package includes essentials such as job protection and emergency loan guarantees, but some economists say it fell short of their expectations as it lacked bold new policies to spur growth. Instead, it was made up in large part of policies implemented by the previous government and handouts to regional governments, most of which will likely be spent on traditional public-works projects.

"It will help prevent a sharp downturn but do nothing more," said Yasuo Yamamoto, a Mizuho Research Institute economist. "Public-works spending and temporary tax cuts won't create confidence because everyone knows they aren't sustainable given Japan's current fiscal conditions."

Heard on the Street

■ Tokyo needs a long-term economic plan 32

The cabinet approved a stimulus package valued at 7.2 trillion yen, or about 1.5% of gross domestic product. The price tag for the package rises to 24.4 trillion yen if steps that don't require immediate spending, such as loan guarantees to small companies, are included.

The government plan follows the Bank of Japan's decision last week to support the economy further by injecting 10 trillion yen into the financial system through low-interest loans based on a wide variety of collateral such as government bonds.

Finance Minister Hirohisa Fujii said the cabinet plans to decide on Dec. 15 on the second extra budget for the current fiscal year ending in March to pay for the package. The supplementary budget will be submitted to parliament for approval

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More than 100 killed as bombings rock Baghdad

Agence France-Presse/Getty Images

An Iraqi soldier stands at the site of a bomb blast Tuesday in Baghdad. Officials say several large explosions killed at least 118 people and injured nearly 200. **Page 7.**

China says U.S. should deepen its emissions pledges

By Alessandro Torello And Selina Williams

COPENHAGEN — U.S. pledges to cut carbon-dioxide emissions 17% by 2020 aren't ambitious enough, the Chinese lead negotiator at the climate-change talks said Tuesday, raising the pressure on rich nations to do more in reduction efforts and financial contribution to developing countries.

"We hope the U.S. will indeed bring a remarkable figure," Su Wei told a news conference during the second day of talks. "This figure cannot be regarded as remarkable."

The Chinese official also said that developed countries must provide money and technology for developing countries as they seek to limit their greenhouse-gas emissions and face the challenges of climate change. "They have the responsibility to provide financial support and technology transfer," he said.

The U.K.'s Meteorological Office, meanwhile, said the current decade has been by far the warmest on record as it released new figures at the climate-change talks.

"Despite 1998 being the warmest individual year, the last 10 years have clearly been the warmest period in the 160-year record of global-surface temperature maintained jointly by the Met Office Hadley Centre and the Climatic Research Unit at the University of East Anglia," the statement from the U.K.'s national weather service said.

The U.K. data are derived from a rolling average of 10 years in the 2000-09 period.

Independent analyses by the U.S. National Climatic Data Center and the National

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Credit warnings hit stocks, aid dollar

A WSJ News Roundup

Credit worries are back.

U.S. and European stocks fell as credit-ratings firms sounded alarms on Greece and the U.K. Another tumble in Dubai stocks wiped out that market's gains for the year. Moody's Investors Service downgraded six government-controlled companies there after the close of trading, saying it can't assume the government will guarantee their debt.

The downgrade of Greece, by Fitch Ratings, hit the euro. Sterling tumbled to its lowest point against the dollar in more than a month after a separate credit warning about its government debt.

The market moves underscore the concerns that continue to weigh about vulnerable spots in the global economic recovery. Global markets initially tanked after Dubai World said it was seeking a standstill on its debt in late November, but rebounded as investors bet the fallout would be relatively contained. Now, some of those jitters about Dubai and other weak economies are reasserting themselves.

"Some of these latent issues are still simmering up, which are unnerving overall risk sentiment," said Brian Dolan, chief currency strategist at Forex.com in Bedmin-

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■ Fitch cuts Greek ratings 7
■ Downgrades hurt stocks 27
■ Euro falls against dollar 27

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* * *

Business & Finance

■ **Morgan Stanley put** finance chief Colm Kelleher and veteran banker Paul Taubman in charge of its institutional securities unit. The moves are part of a management shuffle that has been planned by James Gorman, who will take over as Morgan Stanley's CEO on Jan. 1. **24**

■ **Nomura Holdings will use** almost half of the $4.8 billion raised in its recent equity offering to bolster its U.S. operations. **3**

■ **Citigroup and Wells Fargo** are wrestling with the U.S. government over how much capital they need to exit from TARP. 23

■ **Exxon Mobil** and its partners approved a $15 billion natural-gas project in Papua New Guinea, underscoring the energy sector's rising risk tolerance as demand recovers in Asia. **17**

■ **A.G. Lafley plans** to step down as chairman of Procter & Gamble on Jan. 1, with Robert McDonald adding the role to his responsibilities as CEO and president. **19**

■ **United Airlines said** it placed orders for 50 widebody international aircraft, consisting of Boeing's 787 and Airbus's new A350. The aircraft are to be delivered between 2016 and 2019. **19**

■ **U.S. stocks declined** on credit downgrades in Dubai and Greece, while Japanese exporters dropped on the yen's strength and banking shares fell around Asia. **27**

■ **The euro came** under pressure after Fitch cut Greece's government-debt rating to triple-B-plus from single-A-minus. **27**

■ **Siemens said** its environmental business accounted for a significant proportion of around $293 million in new orders it has signed with Chinese firms. **18**

■ **Seagate Technology**, the biggest maker of disk drives, is launching its long-awaited entry into the market for devices that store data on memory chips. **18**

■ **China's passenger-auto sales** almost doubled in November to a monthly record, helped by a recovery in the local economy and government support. **20**

■ **GM's new North American** chief vowed to repair the company's bottom line through improved sales and revenue, not through further cost cutting. 20

■ **Google unveiled** several new Internet-search advances as it attempts to fend off Microsoft and other new competitors. **10**

■ **Malaysian oil and gas firm** Petronas said anemic demand for hydrocarbons and lower prices resulted in a 48% decline in first-half profit. **19**

■ **FedEx signaled** further strengthening in the global freight market as the package shipper boosted its earnings guidance by more than 10%. **22**

* * *

World-Wide

■ **Eight youths were killed** in central China when students descending a crowded staircase after classes at a school lost their footing amid a crush of bodies.

■ **Militants launched** an attack on an intelligence office in central Pakistan, killing 12 people. Also, the Supreme Court continued its examination of President Zardari's amnesty, which is protecting him from graft charges.

■ **Gates assured Karzai**, in Kabul, that the U.S. will be in Afghanistan well beyond the July 2011 date set for a surge-troop withdrawal to start. **5**

■ **A court in Cambodia** sentenced a Thai man to seven years in jail for spying on Thailand's ex-leader Thaksin while he was in Cambodia as a guest of the government.

■ **The FBI is sending a team** to Pakistan as part of its investigation into David Headley, after the U.S. charged him in the 2008 Mumbai attacks. **6**

Associated Press

In a news conference with U.S. Defense Secretary Robert Gates, Hamid Karzai said Tuesday that foreign support will be needed for years to help the country support its security forces. Also, Mr. Karzai said he won't announce his new cabinet for at least a week.

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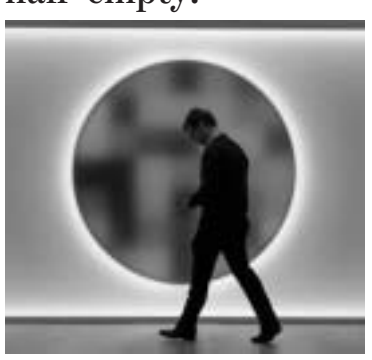
5. Requiem for the Dollar

Environtmental Capital

blogs.wsj.com/environmentalcapital

Now that the big Copenhagen climate-change confab is underway, is the glass half-full or half-empty?



Continuing coverage

Follow developments in the conflict in Afghanistan at **asia.wsj.com**.

What's Your Workout?

wsj.com/health

As an operatic hero, Nathan Gunn needs to look the part. Push-ups, pull-ups and sit-ups help.

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WORLD NEWS

Nomura to use funds to add U.S. heft

By Alison Tudor

TOKYO—In its latest attempt to strengthen its foothold in the U.S. market, **Nomura Holdings** Inc. plans to spend almost half of the 430 billion yen ($4.8 billion) it raised in October on information technology and trading infrastructure and boosting its work force in the country.

Nomura is targeting a work force of 1,600 in the Americas by the end of its fiscal year March 31, up from 1,300 currently, as part of its plan to build a global investment-banking platform. Nomura bought the European and Asian arms of the failed Wall Street bank Lehman Brothers in September last year, but Britain's Barclays snapped up Lehman's core U.S. operations. This left Japan's largest brokerage by revenue without a significant presence in the world's biggest financial market.

Bloomberg News

Takumi Shibata, Nomura's deputy president, says Tokyo is integral to the firm.

Japanese brokers, including Nomura, spent hundreds of millions of dollars in the 1980s trying to become major U.S. players, only to be disappointed. In the 1990s, Nomura got into the business of securitizing U.S. commercial-property loans but was forced take a $600 million hit a few years later. In 2007, it said it was closing its New York mortgage-backed-securities business.

This year, however, as many U.S. investment banks retrench, Nomura has gained some traction. In the wake of the financial crisis, big U.S. money managers have been looking to build deeper relationships with commercial banks and non-U.S. firms, Nomura executives said.

"We couldn't find any global investors who do not do business in U.S. equities or U.S. fixed income. So we need to be where our clients are," Takumi Shibata, Nomura's deputy president, said Tuesday.

Nomura has already built out its equity platform in the U.S. and its fixed-income business expansion is under way. The Japanese firm hopes to name the head of U.S. investment banking next and build a team around that person.

Nomura also plans to spend about $1.5 billion reinforcing its activities in Europe, Middle East and Africa, said Mr. Shibata, an opera buff who has lived in London, Boston and Hong Kong.

At the time of the October share offering, analysts and investors complained about a lack of clarity regarding how their capital would be spent. Nevertheless the offer was oversubscribed.

One of the key considerations in undertaking the October equity offering was the changing regulatory environment, Mr. Shibata said.

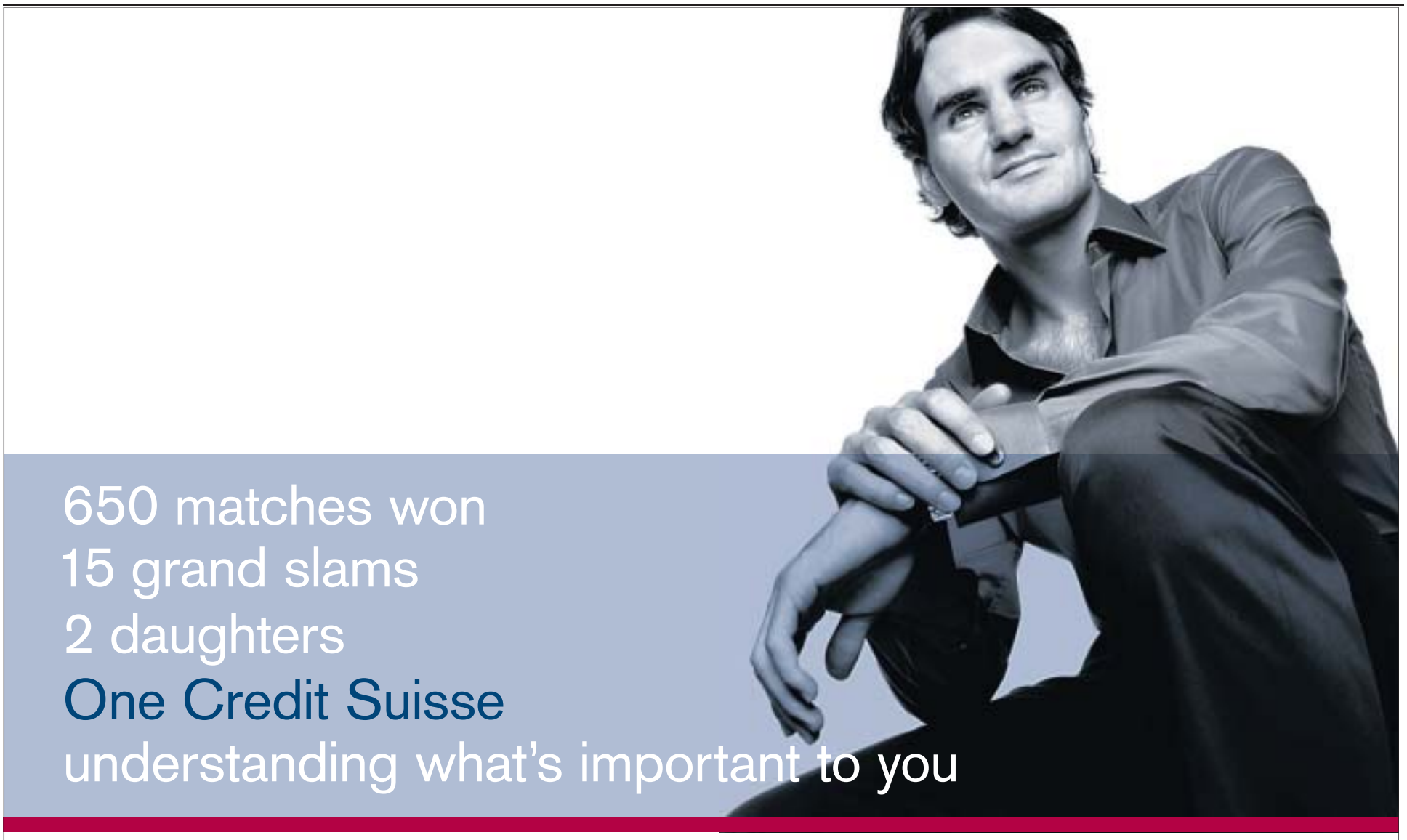
"I expect the arrival of two regulatory waves to hit the financial-services industry," the first in 2011 when international banking supervisors put into effect rules requiring banks to hold more capital against their trading books. The second wave could hit in 2012 when regulators enforce new leverage ratios and capital-adequacy requirements, he said.

After raising a total of 710 billion yen in the two equity offerings this year, Nomura should comfortably weather the changes, Mr. Shibata said.

The big challenge on Nomura's horizon is making its Tokyo headquarters more global and aligning its human-resources practices with global customs, Mr. Shibata said, while at the same time rejecting the idea of moving its global hub outside Japan. "We are determined to make our headquarters more global and to do that we have to stay in Tokyo," he said.

Nomura plans to offer the staff in its Japanese wholesale operations another chance next year to switch to a more performance-based compensation system, which offers the possibility of greater pay but less security than the traditional Japanese system of jobs for life. When Nomura made the same offer to its wholesale staff last April, only 45% accepted, Mr. Shibata said.

"By April next year, the majority of people will have crossed the bridge," he said.



Roger Federer attributes his many successes to an enduring love of tennis, to hard work and focus in the heat of competition. Through experience, Credit Suisse understands the many facets of success and the nature of successful people. The one thing common to them all is the motivation they derive from others. Credit Suisse, working to help its clients thrive since 1856.
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WORLD NEWS

North Koreans protest currency issue

Violence and demonstrations greet new monetary plan, as officials meet with U.S. envoy and face Geneva rights panel

By Evan Ramstad

SEOUL—New reports emerged Tuesday of protests and violence in North Korea as the country's authoritarian regime over the past week seized most of its citizens' money and savings via a new-currency issue.

That action, and scrutiny outside the country of the government's human-rights violations, coincided with the arrival of an American envoy for a meeting with North Korean officials.

One South Korea-based news report said police in a suburb of the capital city of Pyongyang on Friday shot and killed two market traders who tried to skirt the limits on the amount of old North Korean currency that could be exchanged for new currency. Another said women who work in goods and produce markets were protesting the action in defiance of authorities.

The reports suggest that North Korean officials may be experiencing more difficulty than expected in using the currency issuance to collar the expansion of private wealth in the country.

"They've tried to wind back the system, but they're potentially teaching the people that markets can't be controlled," says Shaun Cochran, head of Korea research at CLSA Asia-Pacific Markets, who published a report on North Korea's move.

Pyongyang announced Nov. 30 its decision to issue new currency and limit the amount of old currency that could be exchanged to about $40, based on unofficial exchange rates, a step that essentially scrapped all other private money.

Mr. Cochran said that the regime's money grab "could be the single most important event in defining North Korea over the next decade."

He called it more significant than the country's headline-grabbing nuclear-weapons program, which North Korea uses for international influence, because the regime's power ultimately rests on its ability to make North Koreans believe that it controls their economic well-being.

The latest reports came as the top American envoy to North Korea, Stephen Bosworth, arrived in Pyongyang for the first time to work on the nuclear issue. He traveled with a small delegation to a meeting sought by North Korean officials to discuss whether the North would return to aid-for-disarmament talks with the U.S. and four other countries.

U.S. officials played down expectations on Mr. Bosworth's discussions. In a briefing late Monday in Washington, they said Mr. Bosworth wouldn't offer money to the North to re-engage in the multilateral talks, nor would he offer new rewards to the government to keep promises already made.

North Korea's state news agency announced Mr. Bosworth's arrival in a one-sentence statement on its international Web site, but there was no indication that his presence was reported inside the country. It was unclear precisely who Mr. Bosworth would meet in North Korea or when he would leave.

North Korean anger
Some of the protests and violent incidents reported since North Korea last week said it would issue new currency and severely limit access to it.
CHINA
RUSSIA
NORTH KOREA
SOUTH KOREA
JAPAN
Sinuiju border region
Border guards were given orders to "shoot to kill" people who try to cross the borders illegally.
Chongjin
A police crackdown ordered after authorities collect bags of old money floating in urban stream, a violation of law prohibiting desecration of images of Kim Il Sung.
Hamhung
Citizens burn piles of old money to protest the exchange, and write graffiti on government and university buildings.
Pyongyang
Protesters at ruling Workers' Party meetings force party to raise level of money to be exchanged.
Pyongsong
Two traders shot dead by police for distributing a large amount of money to people to exchange for them.
Sources: Good Friends; Open Radio for NK; Daily NK; Chosun Ilbo

The main focus on North Korea in the past week instead has been on the new-currency issue. The action triggered immediate protests in several cities and, according to reports late last week, forced the government to increase patrols at its border with China.

In new reporting on Tuesday, Open Radio for North Korea, a Seoul-based shortwave radio station that broadcasts news to the North, said that police killed the two men in Pyongsong, a market center outside of Pyongyang, on Friday after they divided their savings among a large group of people and urged them to exchange the money for them, attempting to get around the government's limit.

Chosun Ilbo, a South Korean newspaper, cited informants in the North in reporting that the women working in the marketplaces of some towns "openly curse government authorities despite the risk of being arrested."

Mr. Cochran, the investment analyst, said the biggest risk for the North's government is if, after taking people's money, it can't deliver goods and services the way the unofficial market could.

"Most damaging to the regime would be if the people learned that it cannot control the real price of goods and that there is economic value to competing with the public system," he said.

Separately, North Korea's human-rights abuses also are under scrutiny this week. Diplomats from Pyongyang appeared before the United Nations Human Rights Council in Geneva on Monday to answer questions from delegates from around the world about food deprivation and gulag-style prisons in the country.

On Thursday, former North Korean prisoners will speak at an inquiry at the International Criminal Court in The Hague in the first step of a process that could trigger a criminal case against high officials, possibly even the country's dictator, Kim Jong Il.

Popular Fatah leader complicates prisoner swap

By Charles Levinson

JERUSALEM—Marwan Barghouti, the popular imprisoned Palestinian leader, embodies the promise and the peril Israel faces as it negotiates with Hamas to trade hundreds of Palestinian prisoners for a long-held Israeli soldier.

Islamist Hamas says Mr. Barghouti tops the list of approximately 1,000 prisoners it is demanding Israel free in exchange for Sgt. Gilad Shalit, who Hamas has held captive in Gaza for more than three years.

Senior Israeli and Hamas officials said late last month the two sides were close to a final deal. But since then, Hamas officials have told Arabic media that Israel objected to a handful of prisoners on their list and insisted on deporting many freed prisoners abroad, causing a delay. Hamas officials now say they think a deal is possible by month's end.

Israeli Prime Minister Benjamin Netanyahu is under intense pressure to win Sgt. Shalit's freedom. But giving in to Hamas demands to free top Palestinian leaders and militants carries significant political and, some say, security risks.

The highest-profile name on Hamas's list, and a likely sticking point, is Mr. Barghouti, a leader of Palestine's Fatah faction. His supporters compare him with South Africa's Nelson Mandela, who at various stages in the fight against apartheid advocated peaceful coexistence and armed resistance. To his critics in Israel, he is a terrorist, serving six life sentences in prison for a 2004 conviction on five counts of murder in relation to attacks on Israelis.

Agence France-Presse/Getty Images

Palestinians in Gaza City call for Israel's release of prisoners, including Marwan Barghouti, in poster at top right.

"Barghouti is one of the many prisoners who, if they are included in the deal, it will hand a great victory to terror," said Israeli technology minister Daniel Herschkowitz, who, as a cabinet member, will be required to approve any prisoner release. "On the other hand, the state has an obligation to stand behind its soldiers."

Mr. Barghouti's release could have a far-reaching impact on domestic Palestinian politics and the peace process. The Fatah leader could help heal the rift between his secular party, which holds sway over the West Bank, and Hamas, which has effective control of the Gaza Strip.

Palestinian opinion polls show Mr. Barghouti is capable of handily defeating current Palestinian president Mahmoud Abbas, who represents the old guard of Fatah, and is also more popular than any likely Hamas candidate. His popularity also could provide impetus for a Palestinian-wide vote, which has been delayed in part by the rift between Hamas and Fatah.

Some Israelis and Palestinians believe the secular, Hebrew-speaking Mr. Barghouti is among the few Palestinian leaders who could effectively engage with Israel in any serious peace deal, and have the political legitimacy to sell the deal to Palestinians. From his jail cell, Mr. Barghouti helped broker a cease-fire with Israel in 2003 and spearheaded an effort to reconcile the warring Fatah and Hamas factions in 2006.

Mr. Barghouti touches a raw nerve in Israel, however. Though he supports a negotiated two-state solution, he continues to advocate the right of Palestinians to resist Israel's occupation, by force if necessary. He condemns targeting civilians inside Israel proper, a position that implicitly supports attacks on Jewish settlers and soldiers in the West Bank.

The 46-year-old Mr. Barghouti was born in the West Bank and emerged as a young activist leader in Yasser Arafat's Fatah in the late 1970s and 1980s. He became fluent in Hebrew during four years in Israeli prison beginning in the late 1970s and was exiled abroad for his role in the first Palestinian intifada, or uprising, in 1987. In 1994, he returned to the West Bank after the signing of the Oslo Peace Accords and was elected to the Palestinian parliament.

During the latter half of the 1990s, he worked closely with Israelis. "He was an educator and very cooperative partner working with us to build a new reality between the young people of both societies," says Janet Aviad, Israeli peace activist. But Mr. Barghouti also represents many Israelis' sense of betrayal and disillusionment after peace efforts in 2000 failed, and Palestinians turned to violence in what became known as the second intifada.

Gates delivers vow of support to Afghanistan

By Anand Gopal

KABUL—U.S. Defense Secretary Robert Gates, on a visit to Kabul, assured Afghan President Hamid Karzai that the U.S. won't abandon Afghanistan with a rapid pullout, saying that while the U.S. plans to begin handing over security tasks by July 2011, U.S. involvement will continue for years thereafter.

Mr. Karzai expressed support for the new U.S. strategy, announced last week by President Barack Obama, to send 30,000 more troops to help fight the Taliban insurgency and train Afghan forces.

The two officials both said that foreign support would be needed for years to help Afghanistan support its security forces after the U.S. has left. "For 15 to 20 years, Afghanistan will not be able to sustain a force of that nature and capability with its own resources," Mr. Karzai said.

"There is a realism on our part that it will be some time," before Afghan forces are able to stand on their own, Mr. Gates said in a news conference in Kabul.

Mr. Obama pushed the timeline to make the troop plan more acceptable at home and to put pressure on the Afghan leadership to improve governance, and its own security forces, to enable a U.S. withdrawal.

The combination of a surge plan and a timeline was greeted with skepticism by many Afghan officials, who said previous troop increases haven't worked, and a timeline encourages insurgents to wait out their enemies.

Mr. Karzai made clear Tuesday that he approved the surge plan and the gradual withdrawal of some troops in a year and a half, as long as the U.S. remains involved after that—and Mr. Gates agreed with him on all points.

Mr. Karzai also delayed the formation of his new cabinet, saying it would be at least one week until the full list is ready.

U.S. officials have been awaiting news on the cabinet, as a show of Mr. Karzai's commitment to clean up his government, which U.S. officials have called corrupt and ineffective.

Mr. Gates arrived early Tuesday, met with Mr. Karzai and planned to meet with senior U.S. military commanders in Kabul and in outposts in the restive south. Officials with Mr. Gates said that the trip was meant to promote an understanding of the new strategy and motivate the troops on the ground.

Mr. Gates said that he and Mr. Karzai discussed ways to improve recruitment and retention of the Afghan forces, a major element of the new U.S. strategy.

In addition to funding and training the Afghan forces, helping to improve Afghan governance would be a central part of Washington's strategy, Mr. Gates said.

Mr. Gates also said the international community played a role in fostering corruption. "We do have some responsibility for the vast amounts of money the international community has spent that has been an enabler" of Afghan corruption, he said.

Reuters

U.S. Secretary of Defense Robert Gates, center, with Afghan Minister of Defense Rahim Wardak in Kabul, discussed ways to bolster local forces with President Hamid Karzai.

WSJ.com

Online Today: Track the latest events in Afghanistan in an interactive map at **asia.WSJ.com**

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WORLD NEWS

U.S. citizen charged for India attack

Chicago man staked out Mumbai targets and briefed terrorists from Pakistan before 2008 rampage, FBI alleges

By Cam Simpson

An American living in Chicago traveled to India and Pakistan over nearly two years to videotape targets and brief plotters for the terrorist assault that killed 166 people in Mumbai a year ago, U.S. authorities have alleged.

Federal charges against David Headley—the 49-year-old son of a Pakistani diplomat and an American mother—reveal what authorities say could be the most significant role played by a U.S. citizen in a major international terrorist attack. The charges filed Monday against Mr. Headley also provide insight into the reach and sophistication of Lashkar-e-Taiba, the Pakistani terror group responsible for the assault.

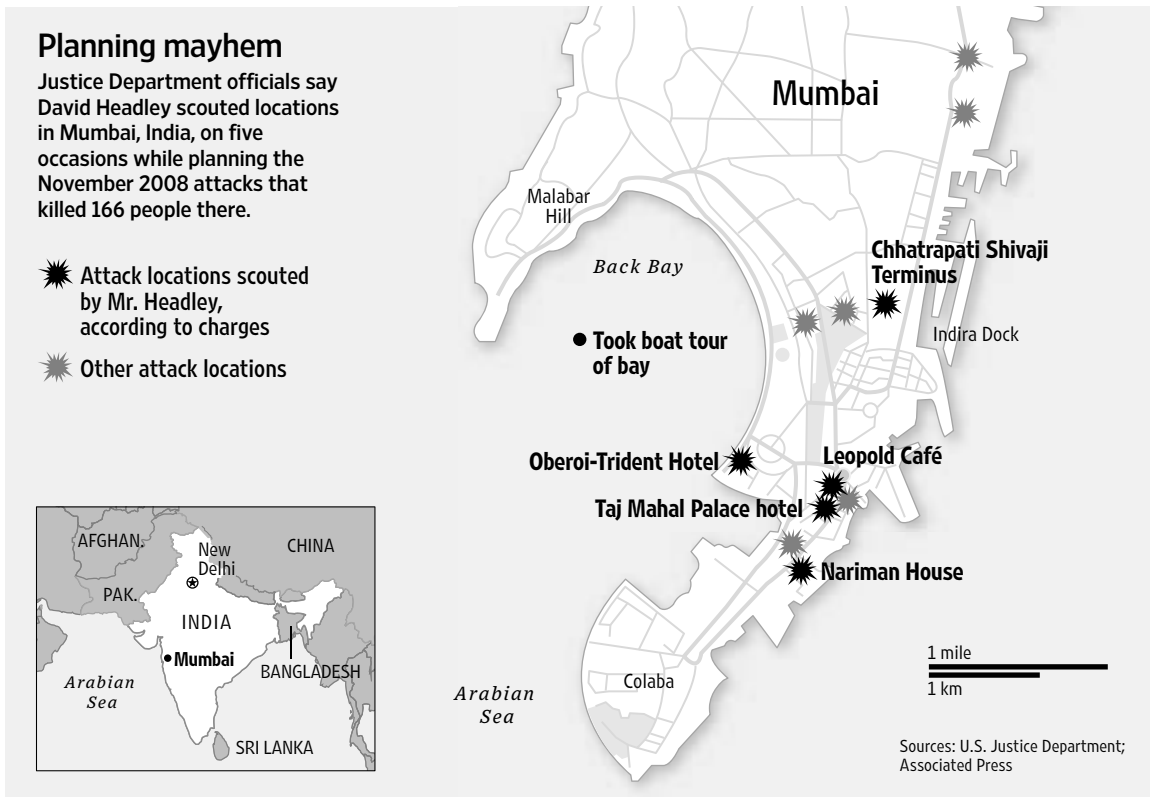
The group trained Mr. Headley in Pakistan in 2002 and 2003, and in late 2005 dispatched him to spot targets in Mumbai, according to the charges. It also asked him to change his name from Daood Gilani to facilitate his travel into India. Mr. Headley is cooperating with prosecutors and the Federal Bureau of Investigation, according to U.S. officials and his attorney.

On Tuesday, the U.S. Embassy in Islamabad said the FBI is sending a team to Pakistan as part of the Headley investigation, the Associated Press said.

U.S. and Pakistani officials are tracking fresh leads as a result of his cooperation, officials briefed on the case said. There have been at least five arrests in Pakistan as a result of information Mr. Headley provided, these officials said.

In October, Mr. Headley was charged with planning an armed assault on a Danish newspaper that published cartoons of the Muslim Prophet Muhammad. Lakshar-e-Taiba was intending at one point to borrow tactics from its Mumbai attack to use in Denmark, although on a smaller scale, and the plan showed its widening international ambitions, according to authorities.

Mr. Headley is accused of conducting surveillance of the key targets in the November 2008 attack in Mumbai: the Taj Mahal and Oberoi hotels, the Leopold Café, a Jewish outreach center, and the bustling train station where more than 50 people were believed killed, authorities said. He took an April 2008 boat trip around Mumbai's harbor—where the terrorists would later land to stage their attacks—to shoot surveillance video, according to U.S. officials.



The two-day assault by 10 well-armed terrorist commandos gripped the world. The men stalked their targets on foot, using grenades, other explosive devices and firearms to kill Indians and foreign visitors to the seaside South Asian financial hub. Six Americans were among those killed.

Monday's charges raise new concerns about the recruitment of U.S. citizens and legal residents. Last month, the FBI charged eight people for allegedly recruiting Somali Americans to join an Islamic extremist group fighting in Somalia. In September, prosecutors charged Najibullah Zazi, an airport shuttle driver, in what officials believe was the most advanced al Qaeda plot to bomb targets in the U.S. since the Sept. 11, 2001, attacks. Mr. Zazi, an Afghan national with a green card, has pleaded not guilty to terrorism charges.

Authorities also are investigating whether radicalization turned Maj. Nidal Malik Hasan, the Army psychiatrist charged with killing 13 people at Fort Hood, Texas. The difference in the Headley case "is a U.S. citizen plotting abroad," said California Democratic Rep. Jane Harman, who is chairwoman of the House of Representatives homeland security subcommittee on intelligence.

Mr. Headley faces 12 criminal counts that include the murder of Americans, providing material support to a terror group, and conspiracy to murder and maim people in foreign countries. He could face the death penalty if convicted, though his cooperation may spare him from execution. He is being held at the Metropolitan Correctional Center in Chicago and is scheduled to be arraigned Wednesday in Chicago.

Authorities allege Mr. Headley worked closely with terrorist leaders in Pakistan. He visited them after each of his five Mumbai surveillance missions, which were conducted between September 2006 and July 2008. On each trip, Mr. Headley is alleged to have handed over fresh intelligence to Lashkar-e-Taiba and briefed his co-conspirators on what he saw.

Mr. Headley allegedly established a business as a cover in Mumbai called First World Immigration Service. He later provided surveillance for Lashkar at other locations that weren't attacked, including a March 2009 scouting mission to India's National Defense College in Delhi, authorities said Monday.

Mr. Headley was valuable as an operative because of his ability to travel easily and undetected between the U.S., Pakistan, India and Denmark, said a law-enforcement official: "He rates very highly because of that."

Authorities arrested Mr. Headley at Chicago's O'Hare International Airport on Oct. 3. He was en route to Pakistan and agents found in his checked luggage a book entitled "How to Pray Like a Jew," and a memory stick containing videos of the area around the Jyllands-Posten newspaper in Copenhagen. The newspaper had drawn international attention and condemnation from many Muslims when it published the cartoons in 2005.

Mr. Headley claimed to work with an immigration business, but the FBI said it had found little evidence of that. His Chicago apartment is leased in the name of a dead person, the October FBI affidavit said.

Mr. Headley and a co-conspirator, Tahawwur Hussain Rana, a 48-year-old Pakistani native with Canadian citizenship, planned to kill a cartoonist and an editor, authorities alleged.

Prosecutors on Monday also unsealed charges against an alleged Lashkar operative who is accused of playing a key role in the Denmark case. Abdur Rehman Hashim Syed, a retired major in the Pakistani military, is charged with conspiracy in planning to attack the newspaper and its employees.

In emails and telephone calls about plans to attack the Danish newspaper, Mr. Headley and his colleagues referred to their alleged targets as "investments," "projects" and "business," according to authorities.

Mr. Headley was born in Washington, D.C., but grew up mostly in Pakistan with his father, a former Pakistani diplomat. He attended a military school in Hasan Abdal, Pakistan, and moved to Philadelphia to be with his mother, a onetime socialite. He attended a community college in the Philadelphia area.

In the mid-1980s, Mr. Headley ran a Philadelphia nightspot called the Khyber Pass, a 100-year-old bar that his mother renamed and decked out with exotic furnishings.

"He ran the place for a couple of years and did a poor job of it from what I understand," said Jeremy Thomson, the day manager of the bar, now known as The Khyber.

—Siobhan Gorman and Douglas Belkin contributed to this article.

Case highlights the global reach of Lashkar group

By Matthew Rosenberg

WASHINGTON—An American allegedly involved in Lashkar-e-Taiba's 2008 terrorist assault on Mumbai is providing authorities with some of the strongest evidence to date of the group's broad global reach.

The case against David Headley, 49, is also giving U.S. officials a rare concrete example of how former Pakistani military officers are directly aiding terror plots. Intelligence officials have long believed that retired Pakistani soldiers provide a crucial link between militants and the South Asian nation's security establishment, which once openly nurtured jihadi groups, including the one blamed for attacking Mumbai.

The group Lashkar-e-Taiba, or Army of the Pure, occupies a unique niche in the world of Pakistani militant groups: Its primary focus is India, yet its reach is global, say experts and officials.

Lashkar "has transnational networks and these networks do appear in a number of different plots against Western interests," said Stephen Tankel, an expert on the group at King's College London.

He cited two previous cases in which Lashkar is believed to have aided attempted attacks on Western targets: Richard Reid, who tried to set off explosives in his shoes on a flight from Paris in 2001, and Willie Brigitte, a Frenchman originally from Guadeloupe, convicted by a French court of being tied to a terrorist plot.

Now Mr. Headley is detailing his direct links to Lashkar, including five surveillance trips to India. All were followed by visits to Pakistan to hand the intelligence to Lashkar, according to charges filed against him Monday in U.S. District Court in Chicago.

In October, Mr. Headley was charged with planning an armed assault on a Danish newspaper that published cartoons of the Muslim Prophet Muhammad. Details in that case show that Lashkar-e-Taiba was intending at one point to use similar tactics in Denmark as it had in Mumbai, although on a smaller scale.

Also unsealed Monday by prosecutors were charges against another alleged Lashkar operative who is accused of playing a key role in the Denmark case. Abdur Rehman Hashim Syed, a retired major in the Pakistani military, is charged with conspiracy in planning to attack the Danish newspaper and its employees.

Mr. Headley was later redirected when a target in India came up. Frustrated by the change, he said in an email to another Lashkar operative the group had "rotten guts" when it came to attacking Westerners, according to court documents.

Lashkar was one of a number of Islamist groups nurtured in the 1990s by Pakistan's military and Inter-Services Intelligence spy agency, which used it as a proxy against Indian forces in the divided Himalayan region of Kashmir and Afghanistan.

The recruitment of David Headley shows Lashkar's ability to reach homegrown would-be terrorists in the U.S., said Evan Kohlmann, an expert on the group.

Many such groups, including Lashkar, were banned in Pakistan after 2001 when Pakistan sided with the U.S. against the Taliban and al Qaeda and began a fitful peace process with India. Some have faded away while others have turned on Pakistan, launching suicide attacks in cities and fighting alongside the Taliban in the northwest's mountains.

Seven alleged Lashkar members, including the group's suspected operations chief, are being tried in Pakistan for their alleged role in the Mumbai attack. Pakistan has also banned Lashkar's charity arm, which operated openly until late last year.

The recruitment of Mr. Headley shows Lashkar's ability to reach homegrown would-be terrorists in the U.S., said Evan Kohlmann, an expert on Lashkar who has testified in criminal cases involving the group. Mr. Headley's operation role is "an acceleration of a pattern we've seen in the past, but it's a dramatic acceleration," Mr. Kohlmann said.

—Siobhan Gorman contributed to this article.

WORLD NEWS

Baghdad blasts kill more than 100

By Chip Cummins

Several large explosions rocked Baghdad on Tuesday morning, with officials reporting more than 100 dead after at least three car bombs detonated at several sites across the capital.

Residents said they heard a large explosion shortly after 10:30 a.m. local time, followed by at least two more blasts. By midafternoon, officials were reporting five explosions in the capital.

The intensity of the blasts and their quick succession—some spaced just minutes apart—suggested a coordinated bombing campaign.

At least 118 people were killed in the bombings, according to the Associated Press, and hundreds injured. Those numbers could climb significantly as security and emergency services officials get a better handle on the scope of the attacks.

The bombing follows a string of similar, high-profile attacks in Baghdad, and it comes just days after Iraqi parliamentarians agreed on a long-stalled election law, setting the stage for national elections early next year. It also comes ahead of this weekend's planned oil auction in Baghdad, in which the government is expected to award rights to develop some of Iraq's large, untapped fields to foreign oil companies.

U.S. and Iraqi officials have pointed to the planned elections and the oil-bidding round as symbols of a new sense of stability in Iraq. But Tuesday's attacks—following so closely on the heels of two other bombings that targeted pillars of the federal government in recent months—has again shaken confidence in Iraq's security services, just as U.S. forces plan a large-scale military drawdown next near.

Associated Press

Firefighters and rescuers search for survivors after a bomb attack near the new Finance Ministry in Baghdad on Tuesday.

Two previous attacks—one in August and one in October—triggered major security overhauls by the government and Iraq's military. In the aftermath of both attacks, U.S. forces offered assistance to Iraqi officials, after being asked by Baghdad for limited help in responding.

It wasn't clear whether U.S. forces were asked to help again Tuesday. American military helicopters hovered over some of the bomb sites, as clouds of black smoke billowed over Baghdad's skyline.

Officials so far haven't brought anyone to justice for the violence, instead firing or investigating dozens of security-service officials blamed for letting their guard down around the targeted buildings. Several ministries and government agencies have stepped up security amid the recent attacks. Before Tuesday's blasts, the Iraqi Oil Ministry said it would tighten security ahead of this weekend's oil-licensing round.

Government spokesman Ali al-Dabbagh said Tuesday's attacks appeared linked to Baath Party remnants and al Qaeda, but gave no evidence to support those charges. "It is a message for the election," he said.

After Parliament agreed on election legislation over the weekend, Iraq's three-member presidential council Tuesday set March 6 as the date for the polls. Mr. Dabbagh said Tuesday's blasts wouldn't affect the timing of the vote or the oil auction.

Officials told the AP midday Tuesday that one blast detonated at the Ministry of Labor, while another blast exploded near the site of temporary offices for finance-ministry employees. They had been working at the site after the ministry itself was heavily damaged in the August attack. Another bomb detonated near a training institute for judges in Baghdad's Waziriya neighborhood, according to eyewitnesses. Officials said at least three of the attacks were car bombings.

Greek debt concerns roil Europe markets

By Peter Nurse And Michael Wilson

LONDON—Worries about Greek debt contributed to a flight from risk in European financial markets Tuesday following a decision by Fitch Ratings to downgrade Greece's sovereign rating.

Fitch cut Greece's long-term foreign-currency and local-currency ratings to BBB+ from single-A-minus, highlighting "concerns over the medium-term outlook for public finances given the weak credibility of fiscal institutions and the policy framework in Greece."

Fitch also assigned Greece's rating a negative outlook, following a move Monday by fellow credit-rating firm Standard & Poor's to put Greece's single-A-minus sovereign rating on a negative credit watch, pointing to issues with government finances that could lead to downgrades.

The Greek government tried to reassure financial markets that it will do whatever is needed to meet its medium-term goals, including adding supplementary measures to the 2010 budget.

News of the downgrade pushed the cost of insuring Greek five-year sovereign credit-default swaps, the cost of insuring against default, to 2.044 percentage points, around 0.14 percentage point higher on the day, according to CMA DataVision.

Economists were quick to dismiss speculation that the European Central Bank could stop accepting Greece's government debt as collateral in return for temporary funds.

"Greece is very unlikely to lose eligibility at the ECB next year as it would need to be downgraded below investment grade over that period," said Jacques Cailloux at RBS European Economics, but "2011 will be much more challenging."

Another analyst, Erik Nielsen from Goldman Sachs Group Inc., said that "unless the ECB fiddles with its rules before the end of next year, then from the beginning of 2011, Greek sovereign bonds will no longer be eligible for ECB collateral if Moody's or S&P downgrade them."

Greek Finance Minister George Papaconstantinou said a complete plan and measures for reducing the country's deficit will now be included in Greece's growth and stability plan that will be submitted to the European Commission in January.

Greece, which has a poor track record with debt management, could now see its government debt burden reach close to 130% of GDP before stabilizing, Fitch said.

Also suffering as the result of the downgrade has been the euro, as strains within the euro zone are heightened as the economic downturn continues. "What we are seeing now is euro selling rather than dollar buying," said Lutz Karpowitz at Commerzbank in Frankfurt.

Equity markets in Europe also traded in the red, with the news of Greece's credit downgrade adding to continued pessimism following the debt difficulties in Dubai and weak German industrial production numbers for October.

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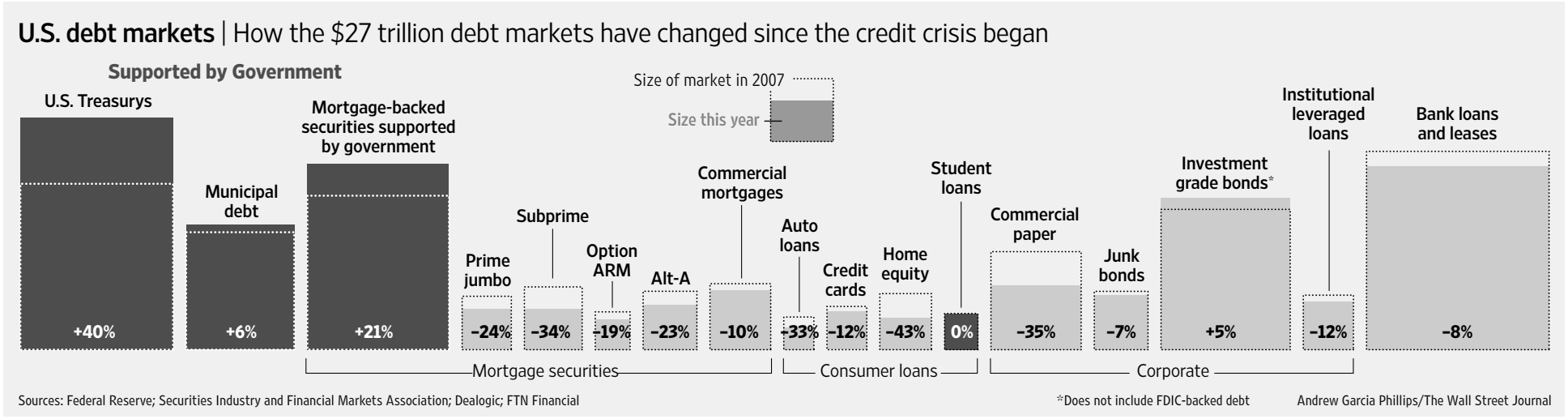

Lending squeeze keeps dragging on

Consumer loans fell again in October, continuing the sharp drop in financing able to give the economy a needed lift

By Liz Rappaport And Serena Ng

Consumer lending in the U.S. shrank at an annual rate of 1.7% in October, its ninth consecutive decline, extending the dramatic retreat of financing available to help fuel the economy.

The $3.5 billion decline, calculated by the Federal Reserve, caps a 4% drop in consumer lending from its July 2008 peak. Before then, borrowing by U.S. consumers—including credit-card debt and auto loans, but excluding mortgages—had been rising for more than a half-century.

Consumer activity accounts for about two-thirds of U.S. economic growth. Curtailed lending to consumers could hurt the chances for a strong recovery.

Federal Reserve Chairman Ben Bernanke emphasized Monday that the economy is unlikely to experience a "vigorous" recovery. Even though unemployment for November was better than expected, he said, the picture for U.S. job growth remains unclear.

It's not just consumers having trouble borrowing. For all the talk of a revival in financial markets and a perception that the economy is on a path to recovery, many companies lack easy access to borrowing.

"Despite the general improvement in financial conditions, credit remains tight for many borrowers," Mr. Bernanke said in a Monday speech, "particularly bank-dependent borrowers such as households and small businesses."

In the process of adapting to post-crisis realities, U.S. lending markets have changed significantly. In particular, markets where the government is either a big borrower or a de facto guarantor are ballooning, while some corporate-lending and consumer-finance markets have shriveled.

A Wall Street Journal analysis of data from the Federal Reserve and private research firms shows that these corporate- and consumer-credit markets have shrunk in size by 7%, or $1.5 trillion, in the two years through early November.

The financial markets that support credit-card lending, auto loans and home mortgages not backed by the government are between 10% and 40% smaller than they were in the second half of 2007.

On the other hand, Treasury debt outstanding has jumped about 40% as the government races to finance its deficits and investors seek the safety of U.S.-backed debt. The market for securities backed by mortgages that are effectively guaranteed by the government has expanded by 21%.

Credit markets have healed considerably, after having nearly shut down more than a year ago at the height of the global financial crisis. In the process, prices of almost every type of bond have bounced back from their historic crisis-era lows.

But the rally in prices doesn't mean borrowers have more money available. "Most of the money that's going into the markets is not flowing through into the economy yet," says Thomas Priore of ICP Capital, an investment firm in New York.

One measure of the retreat in consumer lending: In 2005, more than six billion credit-card offers flooded consumers' mailboxes. This year 1.4 billion have been sent out, according to Synovate, a market-research firm. Earlier this year, Visa reported that people for the first time were using their debit cards (which draw cash out of a bank account) more than credit cards (which use borrowed money).

The result of tighter lending: Consumers spend less and businesses are more reluctant to hire and invest. The changed U.S. credit markets, says Mohamed El-Erian, chief executive of bond-investing giant Pacific Investment Management Co., will mean the economy grows only 1.5% to 2% a year, a slow pace compared with the 3% that typically defines healthy expansion in the U.S.

"The idea that we will reset to where we came from is false," Mr. El-Erian says. "It is a bumpy journey to a new destination with significant long-term effects."

Some of the decline in lending is also due to lower demand as borrowers focus on paying off the debt they already have.

In the past 25 years, household debt has exploded. It now stands at 122% of total disposable income, up from just over 60% a quarter-century ago. At the end of last year's third quarter, household debt started to decline as Americans began belt-tightening.

The hardest-hit markets since the crisis were ones at the heart of the financial problem—the "securitization" markets where loans for everything from mortgages to credit-card debt get sliced up and repackaged into complex securities.

The size of the market for securities backed by loans tied to homeowners' equity has shrunk more than 40% since the second half of 2007. The market for securities backed by auto loans has shrunk 33%. For securities backed by riskier mortgages, the decline is about 35% since the end of 2007, according to the Federal Reserve and data provided by FTN Financial.

These securitization markets provided as much as 50% of consumer lending in the years leading up to the crisis, says Tim Ryan of the Securities Industry and Financial Markets Association, a financial-industry trade group. "Without [the securitization markets], it's very difficult to replicate the amount of money moving into the economy," he says.

Classic short-term credit markets serving businesses have also withered. Commercial paper sold by businesses to finance payroll and other short-term cash needs has slumped by 35%. The shrunken markets for short-term debt are also complicating life for investors in money-market funds.

These funds invest in short-term debt and have a reputation as being safe places to park cash. Worried investors (both individuals and corporations) have piled money into these funds. Money-market funds still have nearly $1 trillion more in assets than they did in mid-2007 before the credit crisis kicked off, according to iMoneyNet.

But the shrinking market for corporate short-term debt has limited the funds' investment options and forced them to funnel cash into government-issued Treasury bills that mature in three months or less. This heavy demand helped drive yields on some Treasury bills into negative territory last month.

In the corporate-credit markets, a strong rebound has created haves and have-nots. The market for investment-grade bonds, including debt sold by banks and backed by the Federal Deposit Insurance Corp., expanded by about 13% from November 2007 until November this year, while the junk-bond market receded about 7%.

Even companies that are able to borrow are being hurt because their suppliers are struggling. To help, Wal-Mart Stores Inc. is telling lenders it is standing behind its suppliers and encouraging lenders to let the suppliers use Wal-Mart purchase orders to obtain cash advances if needed.

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ON OTHER FRONTS

James Hookway/The Wall Street Journal

Baby crocodiles, painted to look like pandas, have been popular with visitors to an aquarium in Thailand. Aquariums and animal parks are painting their animals in panda colors to keep up visitor numbers.

Making crocs look like cuddly pandas

Bears from China are a hit in Thailand, prompting makeovers of local endangered animals; ga-ga over Lin Ping

By James Hookway and Wilawan Watcharasakwet
Buengchawark, Thailand

For aquarium worker Kamla Maneegan, painting baby crocodiles to look like crowd-pleasing giant pandas is more than just a job—it's a point of national pride.

Ever since a pair of pandas on loan from China gave birth to a cub in May, Thailand has gone ga-ga for the black-and-white bears.

Lin Ping

One television network broadcasts 24-hour coverage of the cub, Lin Ping, on its "Panda Channel" as she chows down on bamboo shoots, plays with tires and nuzzles her mother. Street vendors and fashion designers have incorporated panda motifs into their work, and the country's top zoologist has taken to wearing a panda costume for TV interviews. Panda fever appeared to reach a fresh peak in October, when two armed men held up a gas station in Bangkok and made off with two stuffed pandas—leaving the cash register untouched.

The pandas are part of China's efforts to step up trade and political ties in Southeast Asia. In 2003, it rented a pair of pandas to Thailand's Chiang Mai Zoo for $300,000 a year—a sharp discount from the $1 million a year China typically charges zoos in the U.S.

The birth of Lin Ping this year was a cash bonanza for the zoo. It was also an achievement for Thai zoologists—Thailand is now one of a handful of countries, including Mexico, Japan and the U.S., to have successfully bred a panda cub outside China. "It's like winning the lottery," says Sophon Dumnui, director-general of Thailand's Zoological Park Association, this time wearing a suit and tie rather than his panda outfit.

Visitors to the zoo doubled to 1.2 million the first year the pandas were there, he says, bringing in an average of $2.7 million a year, including souvenirs. The arrival of Lin Ping in July brought additional revenue of $1.5 million in just six months.

It's all too much for some Thais, though. They worry that amid all this pandemonium Thailand is forgetting its own endangered species, especially the elephant and the crocodile. Their response: If you can't beat the panda-huggers, join them, preferably with the help of a couple of jars of black and white paint.

At several sites across the country, commercial aquariums and animal parks are painting their animals in panda colors to keep up visitor numbers in the face of tougher competition—as well as educate people about the threats elephants and crocodiles face in the wild.

Mr. Kamla, a 25-year-old crocodile-handler, fielded a barrage of questions from schoolchildren recently at Buengchawark Underwater Sea Paradise as he and a colleague painted a three-month-old Siamese crocodile in panda colors.

"They're an endangered species, too, like the panda, so we hope some of our knowledge will trickle down," Mr. Kamla says.

Prasit Vejprasit, an administrator at the aquarium, says busloads of schoolchildren—the mainstay of the aquarium's business—continue coming to the site, a couple of hours' travel northwest of Bangkok, encouraged in large part by the panda-colored crocs. He says teachers often call to confirm the aquarium is still painting crocodiles before sending their classes.

The children seem to enjoy the novelty. "Most crocodiles are scary but this one is cute," says Siripob Dara, 9 years old, before he asks Mr. Kamla how long it can grow and what it eats.

Applying the panda makeover can be tricky. Juvenile crocs wriggle around making little chirping noises, and some visitors question whether a fresh lick of paint harms the animals. (The aquarium says it uses thinned-down watercolors, which wash off quickly.) Mr. Prasit says painting adult crocodiles can be dangerous. "It takes about three people to hold them down, and once it's done the paint comes off as soon as they slip into the water," he says. In many ways, he says, "it's a waste of time."

Elephants pose a problem, too, mostly because of their size. Sometimes step ladders are used to get to those hard-to reach spots behind the ears.

The painting practice has stirred up debate. Images of panda look-alikes, only with sharper teeth or trunks, have streamed onto video and photo-sharing sites, while Thais and others argue the rights and wrongs of painting animals.

Mr. Sophon, the zoologist, writes off the practice as a marketing gimmick—much as he tries to promote Chiang Mai's pandas by occasionally suiting up in his panda outfit.

Other conservationists say a useful point is being made by making other animals look like bears. "Elephants are huge and we need lots of money to feed them," says Laithongrien Meepan, owner of the Royal Elephant Kraal in Ayutthya and an experienced handler.

Earlier this year, he began painting elephants to draw attention to the problems Thailand's elephant population faces. "The government should help promote elephants, and not just pandas," Mr. Laithongrien says.

Some of Thailand's wildlife is endangered because of years of rapid economic development. Agriculture in particular has become a major export industry here. Modern farming methods have introduced pesticides into the environment and encroached on the territory of the fearsome Siamese crocodile, which can grow to four to five meters in length. So few are left in the wild that conservationists once thought it was extinct and have reintroduced some farm-reared crocodiles back into the natural habitat.

Elephants, meanwhile, have seen their numbers dwindle over the past century, with conservationists estimating that 1,500 live wild in Thailand's natural parks, while a similar number are domesticated. Some can often be seen being led around downtown Bangkok streets by their mahouts looking for food.

The cub Lin Ping is supposed to be sent to China when she reaches two years—in about 18 months—and many Thais, especially children, find it hard to face up to that possibility. Street vendors in Chiang Mai, meanwhile, consider the panda cub a mini-stimulus package. "I sell twice as much now as I did before Lin Ping was born," says Darunee Na Chiang Mai, a 40-year-old juice and noodle vendor who runs a stall outside the zoo.

Local politicians have proposed keeping Lin Ping in Thailand by creating a joint panda-breeding program in Chiang Mai with China, which would be a world first. China has said it will "think about it," Mr. Sophon says, and he remains hopeful. China, after all, has been gifting or lending pandas as part of its diplomatic missions for centuries, ever since the Empress Wu Zetian sent a pair of giant pandas to the emperor of Japan in 685. Chinese authorities didn't respond to requests for comment.

In the meantime, Mr. Kamla says he is resigning himself to giving his crocs their daily beauty treatment to keep up with the competition in this new, post-panda Thailand. "It's impossible not to do it now," he says as another batch of schoolchildren swarm around him for a closer a look at the panda-colored crocodiles. "People expect it."

WSJ.com

Online today: See a video about the panda cub and the painted crocs at **WSJ.com/Video**

TECHNOLOGY

BlackBerrys face challenges in China

RIM pushes to expand smart phone's sales, but full keyboards struggle in the market; appeal in high end lags

By Loretta Chao And Aaron Back

BEIJING—**Research In Motion** Ltd. announced a deal with **China Mobile** Ltd. to expand sales of its BlackBerry smart phones in the world's biggest wireless market. But the Canadian company faces hurdles to gaining the kind of popularity with Chinese users that its devices enjoy elsewhere.

RIM said Tuesday it will begin offering BlackBerrys to personal users and small businesses through China Mobile, the world's biggest wireless carrier by subscriber accounts. RIM also said it will introduce a BlackBerry model that uses a Chinese-developed third-generation wireless technology called TD-SCDMA, which is employed by China Mobile and strongly backed by the Chinese government.

The moves follow RIM's announcement Monday of a deal to distribute BlackBerrys in China through information-technology-services provider **Digital China Holdings** Ltd. Together, they represent a major push in a key market where RIM so far has had minimal presence—a market that is increasingly important as the company faces growing competition elsewhere from **Apple** Inc., **Motorola** Inc. and other smartphone makers.

RIM introduced the BlackBerry in China in 2006 but so far has sold it only to big companies. Last year, its devices accounted for less than 1% of smart-phone shipments in China, with only several thousand units officially sold, according to research firm IDC.

"We view China as a strategic market, the largest wireless market in the world," RIM Co-Chief Executive Jim Basillie said Tuesday at a news briefing.

Agence France-Presse/Getty Images

Most Chinese consumers buy their handsets in electronics shops. Above, a cellphone outlet in Beijing.

Like Apple, which formally launched its iPhone in China in October to lackluster demand, RIM faces challenges trying to carve out significant market share in China. The smart-phone industry is becoming highly competitive, and—unlike in the U.S. and many other major markets RIM is used to—most Chinese consumers buy their handsets in electronics shops rather than acquiring them through wireless carriers along with service packages.

China Mobile is also pushing a number of competing models of smart phones—devices that offer functions such as Web surfing, email and wireless video—and has said it is in talks with Apple to offer the iPhone.

The BlackBerry's easy-to-use "qwerty" keyboard has been a hallmark feature in the U.S. and other markets where it has succeeded. But demand for that is unclear in China, whose language is character-based, rather than alphabetical. Many Chinese users prefer smart phones with touch-screens on which they can draw characters, or numeric keypads that can be used with predictive-text software to type quickly.

Nokia Corp., the leading handset vendor in China, has had success with its qwerty-based E71 model, but other smart phones with full keyboards have failed to gain traction in the market.

IDC projects that smart-phone sales in China will rise to 35 million in 2013 from 11 million last year, when they accounted for 7.5% of all handset sales. Nokia had 70% of the China smart-phone market last year. "Given that 3G is only starting to come out in the market and that [Chinese users have] relatively limited exposure to data services, I think there is an opportunity there that companies think they can tap into," says Aloysius Choong, an IDC analyst.

In other markets, RIM has been successful getting the devices into the hands of opinion leaders who influence the rest of the market, he says. But that hasn't happened yet in China, so the BlackBerry's success here will "rest upon capturing the imagination of the public," Mr. Choong said.

For China Mobile, strong demand for the BlackBerry would help promote its TD-SCDMA, or Time Division Synchronous Code Division Multiple Access, technology. The standard is the only one of three global standards for 3G—which enables higher-speed data transmissions than older technology—that was developed in China, and the government has tasked China Mobile with making it a commercial success.

Still, TD-SCDMA may not be much of a lure for the high-end customers that BlackBerry typically appeals to, because they are more likely to travel and TD-SCDMA technology currently isn't used anywhere outside China. The planned China Mobile BlackBerrys are likely to function in other markets, at least on older "2G" technology, but it is unclear whether they will work on other kinds of 3G networks.

A RIM spokeswoman declined to comment.

RIM didn't say when the new TD-SCDMA BlackBerry will be available for purchase, although Mr. Basillie said "it's well along the way." Neither RIM nor China Mobile would comment on how much the handset would cost, but China Mobile Chairman Wang Jianzhou said the carrier will offer subsidies as it does for other TD-SCDMA phones.

Google rolls out new tools as it battles rivals

By Jessica E. Vascellaro

Google Inc. on Monday unveiled several Internet-search advances, including ways to find information by taking a photo and results that stream on to a Web page continuously, as it attempts to fend off **Microsoft** Corp. and other new competitors.

One feature will incorporate more real-time search results—content that hit the Internet in the preceding seconds—into Google's standard search-results page.

The moves are the latest sign of the escalating battle between the Silicon Valley Internet giant and Microsoft, whose Bing search engine has gained market share and won credibility for the software company in a field that Google dominates.

As Bing and start-ups such as **Twitter** Inc. and **Facebook** Inc. attract more buzz, Google is pushing hard to convince users that it is still on the cutting edge of Web innovation and that the search market has plenty of room to grow.

One of the hottest topics is finding ways to bring relevant information to users faster, sometimes without even refreshing their Web pages.

Microsoft in October announced a search service that shows relevant results from Twitter and said it plans to incorporate some public content users share with the social-networking site Facebook, too.

Now, Google, of Mountain View, Calif., is trying to go a step further by having the new results appear automatically, without refreshing the page.

While looking at a search-results page for "weather in New York," for example, consumers could see a tweet from a user standing in Central Park saying it just started to snow.

Google, which previously announced that it had struck a deal to include results from Twitter, said Monday that it will also pull in some information from Facebook and MySpace.

MySpace is owned by Wall Street Journal owner **News Corp.**

One new service the search engine is banking on is Google Goggles, which allows users to pull up information about a landmark or a product by taking a picture of it from a cellphone instead of typing in a related query.

Showing off the service Monday, Google executives painted it as the way to bridge the physical and digital worlds by allowing users "to search with their eyes."

Associated Press

Google employees demonstrate new search features on Monday.

The service is only available currently for cellphones running certain versions of Google's Android software.

Vic Gundotra, a Google vice president of engineering, said the service aims to "visually identify any image over time" merely by pointing a mobile device to it.

Google also showed off improvements to an existing voice-search service that shows results based on queries users speak into their phones.

The service works in Mandarin, Japanese and English, allowing users to say the name of a restaurant and within seconds see a map and address, for example.

—Scott Morrison contributed to this article.

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The Copenhagen Concoction

For months, the U.N. climate change summit that began Monday in Copenhagen has been billed as the world's last best hope to match the scientific consensus on global warming with a policy consensus. But now it turns out there is little of either, and Copenhagen looks like it will go down as one of the more remarkable cases of political hubris in recent memory.

That's no bad outcome, given the ambitions of Copenhagen's organizers to impose heavy new carbon taxes on top of a struggling world economy. The Australian Senate last week defeated Prime Minister Kevin Rudd's cap-and-trade legislation, largely due to its job-killing potential in the coal-producing continent. Jairam Ramesh, India's environment minister, said Thursday "there is no question of India accepting a legally binding emission reduction cut." China has promised to cut the rate of growth in its carbon emissions, which would nevertheless double over the next decade even on the most optimistic scenario.

As for the U.S., it has become clear even to liberals that it was not the Bush Administration alone that was standing in the way of a global climate deal. Last Thursday, nine Senators sent a letter outlining the terms of their support for cap-and-trade legislation, including that every other country enact and enforce carbon legislation of their own. And those were Democrats.

President Obama has promised an 83% cut in U.S. greenhouse gas emissions (from their 2005 level) by 2050. But such extravagant pledges are only possible when everyone knows they won't happen. Monday's announcement by the Environmental Protection Agency that it will regulate carbon as a dangerous pollutant is an attempt to run around Congress in order to impress Copenhagen's conferees, but it is also deeply undemocratic and betrays the lack of broader public support.

* * *

So what exactly is the point of Copenhagen? The question needs to be asked all the more insistently in the wake of last month's disclosure of thousands of documents and emails from the University of East Anglia's Climatic Research Unit (CRU), long considered an authoritative center of temperature data, modeling and forecasts.

At a minimum, the emails demonstrate the lengths some of the world's leading climate scientists were prepared

Agence France-Presse/Getty Images

to go to manufacture the "consensus" they used to demand drastic steps against global warming. The emails are replete with talk of blacklisting dissenting scientists and journals, manipulating peer review and avoiding freedom of information requests.

Nor can the emails be dismissed as a handful of scientists showing their petulant streak. Scientific research must be subject to testing, verification and, if necessary, disproof. Otherwise, its conclusions are worthless. That's especially true if the basic data on which the climate records are based are deleted, as seems to have been the case with the CRU, or if the elaborate computer models used to forecast climate turn out to be poorly designed, as also seems to be the case.

The core question raised by the emails is why their authors would behave this way if they are as privately convinced of the strength of their case as they claim in public. The Earth's climate is a profoundly complex system, sensitive, dynamic and subject to a dizzying range of variables interacting in ways that remain poorly understood. Carbon dioxide is only one of those variables. Climate scientists failed to anticipate the absence of warming in the last decade, a point that Kevin Trenberth, head of the Climate Analysis Section at the National Center for Atmospheric Research, privately conceded in one of the disclosed emails was a "travesty."

Given this, the public is entitled to wonder how exactly climate scientists can state with such certainty that temperatures have never been higher, or that they are sure to rise in the coming decade, to say nothing of the rest of the century. The public is also entitled to know how the climatologists can suggest the precise degrees by which the Earth will warm, or why a warmer Earth is, on balance, worse than a colder one. Is there a "correct" global average temperature?

The public also has a right to wonder whether the bulk of the scarce financial resources available to mitigate ecological risks ought to be devoted primarily to climate change rather than to other threats to the environment and public health. For several years, Danish statistician Bjorn Lomborg has been convening meetings in Copenhagen of some of the world's leading economists to consider that very question. Overwhelmingly they have concluded that the world's dollars, euros and yen are better spent on tackling diseases such as AIDS or malaria or problems such as malnutrition and run-of-the-mill pollution than on hugely expensive (and dubiously effective) carbon-mitigation schemes.

This conclusion is only common sense: Given the choice between spending $100 to feed a hungry child in the present or combat a notional climate problem that might or might not have real consequences a century hence, most of us would surely choose the former. We would do so, moreover, with the confidence that the technologies of the future will be better suited to deal with whatever climate problems might then exist.

A typical retort is that "we can't afford to wait until it's too late," but one may as well ask whether the child in our example should go hungry while the developed world spends its money on global warming mitigation in the Third World. Yet that is exactly what the conferees at Copenhagen seem prepared to do, to the tune of billions of dollars per year.

Even if the Earth does warm by a degree or two this century, the world will be better able to cope with any consequences the more prosperous it is. The worst policy would be to impose higher energy and other costs that reduce global growth for decades. The proponents of cap and trade point to this or that study claiming that a tax on the world's main current energy supplies (oil, natural gas, coal) is cost free. But this also defies common sense. The Chinese and Indians don't believe it, and neither do middle-class Americans who can't easily afford hundreds of dollars a year in extra electricity or transportation costs.

Meanwhile, none of the "green" energy sources—wind, solar or biofuels—has so far proved even remotely efficient or scalable, while often entailing serious environmental consequences of their own. These industries exist mainly because governments have thrown tens of billions in subsidies at them, and still they can't compete with carbon sources.

Much of the momentum for Copenhagen is now driven by the alternative fuels industry and its investors, who stand to lose vast sums unless governments artificially raise the price of carbon. These include our friends at Kleiner Perkins, the ecoventure capital fund that includes Al Gore as a partner. And of course that part of the political class congenitally eager to redistribute taxpayer monies also wants to dispense "carbon credits" to friends and political donors.

* * *

By now, the idea that global warming represents the gravest threat to humanity has become totemic in much of the world, a belief invested with religious fervor and barely susceptible to rational discussion, let alone debate. Yet it remains telling how quickly a sense of reality has reasserted its cold grip in light of the choices Copenhagen now brings starkly into view.

Mr. Obama has delayed his trip to the conference until its final day, when he thinks he might salvage some kind of deal. Perhaps he will. Then again, Copenhagen is more likely to prove that it takes more than environmental faith and political opportunism to forge a genuine global consensus.

The Abbott Effect

Copenhagen Cassandras (see above) might argue that abandoning cap-and-trade is political folly, but when people get a chance to voice their views, it's a different story. Look no further than Australia, where opposition leader Tony Abbott is gaining ground in the polls.

Climate-change common sense gains ground Down Under.

After only five days on the job, a weekend poll showed Mr. Abbott's popularity is a full nine points higher than his predecessor, Malcolm Turnbull. The only major difference between the two is that Mr. Abbott opposes any cap-and-trade scheme that will hurt the broader economy, while Mr. Turnbull supports the idea, provided government buys off big business with taxpayer-funded subsidies.

Mr. Abbott isn't an anti-environmentalist. He supports the government's emissions targets, but leans toward proven technologies with discrete costs, such as nuclear fuel. Cap-and-trade, by contrast, would tax every corner of the economy. Little wonder Prime Minister Kevin Rudd's government hasn't released any comprehensive modeling of the plan's total cost, or an understandable explanation of how the plan would affect the average small- or medium-size business.

The results of two key by-elections on Saturday also suggest the Liberals' stance against cap-and-trade isn't the huge liability some Liberals feared it would be. In the Melbourne and Sydney suburbs, Liberal MPs Kelly O'Dwyer and Paul Fletcher won. That wasn't a huge surprise, given that Labor didn't even contest those seats, but it was a relief in light of the party's recent internal turmoil and a surprisingly strong showing by the Green Party, which appeals to urban liberals.

Mr. Abbott can't rely on his climate-change pragmatism to vault the Liberals back into power. Prime Minister Rudd remains popular on the back of a remarkably strong domestic economy. But as the weekend poll shows, Australians are questioning the legislative rush, and support the Liberals' insistence on a robust public debate.

Comments?

The Journal welcomes readers' responses to all articles and editorials. It is important to include your full name, address and telephone number. Please send letters to the editor to: **Letters@WSJ.com**

Letters To The Editor

* * *

We Deserve Ethical Behavior by Climate Scientists

Your Nov. 25 editorial "Global Warming With the Lid Off" gives interesting details about what we skeptics have known for some time because of actions by proponents of global warming. Most skeptics have become armored against attacks lacking real substance.

One notable example is the reaction given the Danish scientist Henrik Svensmark, who was interviewed by Discover magazine (July 2007 issue) after he reported on his important research into cloud formation. Prof. Svensmark had released studies in 1996 showing that "changes in the sun's activity could explain most or all of the recent rise in Earth's temperature." As a result, the U.N. Intergovernmental Panel called his views "extremely naïve and irresponsible."

Prof. Svensmark responded to the magazine reporter's question on this attack by saying, "I was just stunned. I remember being shocked by how many thought what I was doing was terrible. I couldn't understand it because when you are a physicist, you are trained that when you find something that cannot be explained, something that doesn't fit, that is what you are excited about."

To be fair, Prof. Svensmark does support the idea that CO_2 in the atmosphere can capture heat from the sun, but he believes that this mechanism may well be orders of magnitude less important than the cloud formation mechanism controlled by the sun.

Trying to control warming by controlling CO_2 is probably futile. We would need to control the sun's activity instead, which is clearly impossible.

Doug Chapman
Retired engineer
North Tustin, Calif.

The climate research debacle once again illustrates that ultimately the market for scientific research is efficient. It took much less than a year for the scientific community, and no time for the metal futures markets, to discount the bogus 1989 announcement by Stanley Pons and Martin Fleischmann that they were able to produce free energy. It is up to the scientific community to maintain and safeguard its immunity from the world of politics, or otherwise see its relevance discounted.

Oscar Varela, Ph.D.
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Journalism and Freedom

By Rupert Murdoch

Corbis

We are at a time when many news enterprises are shutting down or scaling back. No doubt you will hear some tell you that journalism is in dire shape, and the triumph of digital is to blame.

My message is just the opposite. The future of journalism is more promising than ever—limited only by editors and producers unwilling to fight for their readers and viewers, or government using its heavy hand either to overregulate or subsidize us.

From the beginning, newspapers have prospered for one reason: the trust that comes from representing their readers' interests and giving them the news that's important to them. That means covering the communities where they live, exposing government or business corruption, and standing up to the rich and powerful.

Technology now allows us to do this on a much greater scale. That means we have the means to reach billions of people who until now have had no honest or independent sources of the information they need to rise in society, hold their governments accountable, and pursue their needs and dreams.

Does this mean we are all going to succeed? Of course not. Some newspapers and news organizations will not adapt to the digital realities of our day—and they will fail. We should not blame technology for these failures. The future of journalism belongs to the bold, and the companies that prosper will be those that find new and better ways to meet the needs of their viewers, listeners, and readers.

First, media companies need to give people the news they want. I can't tell you how many papers I have visited where they have a wall of journalism prizes—and a rapidly declining circulation. This tells me the editors are producing news for themselves—instead of news that is relevant to their customers. A news organization's most important asset is the trust it has with its readers, a bond that reflects the readers' confidence that editors are looking out for their needs and interests.

At News Corp., we have been working for two years on a project that would use a portion of our broadcast spectrum to bring our TV offerings—and maybe even our newspaper content—to mobile devices. Today's news consumers do not want to be chained to a box in their homes or offices to get their favorite news and entertainment—and our plan includes the needs of the next wave of TV viewing by going mobile.

The same is true with newspapers. More and more, our readers are using different technologies to access our papers during different parts of the day. For example, they might read some of their Wall Street Journal on their BlackBerries while commuting into the office, read it on the computer when they arrive, and read it on a larger and clearer e-reader wherever they may be.

My second point follows from my first: Quality content is not free. In the future, good journalism will depend on the ability of a news organization to attract customers by providing news and information they are willing to pay for.

The old business model based mainly on advertising is dead. Let's face it: A business model that relies primarily on online advertising cannot sustain newspapers over the long term. The reason is simple arithmetic. Though online advertising is increasing, that increase is only a fraction of what is being lost with print advertising.

That's not going to change, even in a boom. The reason is that the old model was founded on quasimonopolies such as classified advertising, which has been decimated by new and cheaper competitors such as Craigslist, Monster.com, and so on.

In the new business model, we will be charging consumers for the news we provide on our Internet sites. The critics say people won't pay. I believe they will, but only if we give them something of good and useful value. Our customers are smart enough to know that you don't get something for nothing.

That goes for some of our friends online too. And yet there are those who think they have a right to take our news content and use it for their own purposes without contributing a penny to its production. Some rewrite, at times without attribution, the news stories of expensive and distinguished journalists who invested days, weeks or even months in their stories—all under the tattered veil of "fair use."

These people are not investing in journalism. They are feeding off the hard-earned efforts and investments of others. And their almost wholesale misappropriation of our stories is not "fair use." To be impolite, it's theft.

Right now content creators bear all the costs, while aggregators enjoy many of the benefits. In the long term, this is untenable. We are open to different pay models. But the principle is clear: To paraphrase a famous economist, there's no such thing as a free news story, and we are going to ensure that we get a fair but modest price for the value we provide.

Finally, a few words about government. In the last two or three decades, we have seen the emergence of new platforms and opportunities that no one could have predicted—from social networking sites and iPhones and BlackBerries, to Internet sites for newspapers, radio and television. And we are only at the beginning.

The government has a role here. Unfortunately, too many of the mechanisms government uses to regulate the news and information business in this new century are based on 20th-century assumptions and business models. If we are really concerned about the survival of newspapers and other journalistic enterprises, the best thing government can do is to get rid of the arbitrary and contradictory regulations that actually prevent people from investing in these businesses.

One example of outdated thinking is the FCC's cross-ownership rule that prevents people from owning, say, a television station and a newspaper in the same market. Many of these rules were written when competition was limited because of the huge up-front costs. If you are a newspaper today, your competition is not necessarily the TV station in the same city. It can be a Web site on the other side of the world, or even an icon on someone's cell phone.

These developments mean increased competition, and that is good for consumers. But just as businesses are adapting to new realities, the government needs to adapt too. In this new and more globally competitive news world, restricting cross-ownership between television and newspapers makes as little sense as would banning newspapers from having Web sites.

In my view, the growing drumbeat for government assistance for newspapers is as alarming as overregulation. One idea gaining in popularity is providing taxpayer funds for journalists. Or giving newspapers "nonprofit" status—in exchange, of course, for papers giving up their right to endorse political candidates. The most damning problem with government "help" is what we saw with the bailout of the U.S. auto industry: Help props up those who are producing things that customers do not want.

The prospect of the U.S. government becoming directly involved in commercial journalism ought to be chilling for anyone who cares about freedom of speech. The Founding Fathers knew that the key to independence was to allow enterprises to prosper and serve as a counterweight to government power. It is precisely because newspapers make profits and do not depend on the government for their livelihood that they have the resources and wherewithal to hold the government accountable.

When the representatives of 13 former British colonies established a new order for the ages, they built it on a sturdy foundation: a free and informed citizenry. They understood that an informed citizenry requires news that is independent from government. That is one reason they put the First Amendment first.

Our modern world is faster moving and far more complex than theirs. But the basic truth remains: To make informed decisions, free men and women require honest and reliable news about events affecting their countries and their lives. Whether the newspaper of the future is delivered with electrons or dead trees is ultimately not that important. What is most important is that the news industry remains free, independent—and competitive.

Mr. Murdoch is chairman and CEO of News Corp. This is adapted from his Dec. 1 remarks before the Federal Trade Commission's workshop on journalism and the Internet.

OPINION

Charter 08, One Year On

By E. Perry Link

A year ago, on the 60th anniversary of the unveiling of the Universal Declaration of Human Rights, 303 Chinese announced "Charter 08," a citizens' manifesto calling for constitutional democracy, human rights, rule of law and tripartite separation of powers in government. It was the first public statement in the history of the People's Republic of China to call for an end to one-Party rule. "The Chinese people, who have endured human rights disasters and uncountable struggles across these same years, now include many who see clearly that freedom, equality, and human rights are universal values of humankind and that democracy and constitutional government are the fundamental framework for protecting these values," the Charter states.

Its drafters took inspiration from Charter 77 in Czechoslovakia, but their document also shows influences from the U.S. Constitution, the French Declaration of the Rights of Man, the democratic movement in Taiwan in the 1980s, and the Truth and Reconciliation Commission in South Africa. Eventually more than 10,000 people inside China signed on to it, and countless others who read it feared to sign. Google hits for "08 *xianzhang*" in Chinese reached a million.

Meanwhile the government in China sought to treat Charter 08 as a nonevent. It has banned mention of the Charter on the Internet and, except for a very brief negative comment of its own, has purged it from state media as well. But this silence is unnatural and the nonchalance feigned. We know this because of strong evidence of behind-the-scenes repression.

In the days after the announcement of the Charter, teams of police descended on the homes of the Charter organizers including Zhang Zuhua, Liu Xiaobo and Wang Debang, confiscating books, computers, bank accounts, notebooks and papers. Mr. Liu, one of the drafters, was detained the day before the Charter appeared and eventually charged with "inciting subversion of state power," which can lead to 15 years' imprisonment.

These draconian moves send a message to all signatories of Charter 08, and to anyone who might be inclined to sign, to think of their own safety first. Police sought out all of the original 303 signatories of the Charter for personal "chats." On the surface these "chats" were not hostile: Officers sought to persuade and cajole, and often provided tea and snacks. They sought information about the Charter's organization: "Who asked you to sign?", "Where did you first see the Charter?", "Why did you sign?", and so on. They also "counseled" people on their own "best interests": "Why risk your future?", "Don't you see that dissidents have bad lives?", "Have you considered your family members?", "Don't you want to withdraw your signature and just say you made a mistake?"

In mid-January, government Internet filters were set to delete the phrase "Charter 08." Since then netizens have sought, with some success, to circumvent the filters by using near-homonyms, for example "county magistrate" (*xian4zhang3*) instead of "charter" (*xian4zhang1*) and "lymph" (*lin2ba1*) instead of "08" (*ling2ba1*).

It is worth asking why China's rulers opt for behind-the-scenes repression of Charter 08 instead of all-out attack. Why not demonize

David G. Klein

it in headlines, allowing no rebuttal? After all, the publicity machine of the Party-state does have experience doing this sort of thing.

There is no direct evidence with which to answer this question, but there are good grounds for surmise. First, Charter 08 is not easy to rebut. It is written in cool, rational language, draws on the Chinese constitution, cites the U.N.'s Universal Declaration of Human Rights and speaks up for values like justice, equality and truth: "Every person is born with inherent rights to dignity and freedom. The government exists for the protection of the human rights of its citizens." Efforts to denounce sentiments like this could be tricky.

Moreover there is precedent for backfire in the Party-state's experience with such calls for democracy. In the fall of 1986, Fang Lizhi, then vice president of the Chinese University of Science and Technology in Hefei, Anhui province, gave speeches in support of human rights and democracy. Students loved his speeches and brought their enthusiasm to the streets of their city. The authorities, in reprisal, dismissed Mr. Fang from his university position. The government then used Mr. Fang's speeches as "negative teaching materials" in a nationwide campaign against "bourgeois liberalization"—only to find that, because students could read for themselves, the campaign did more to spread Mr. Fang's ideas than he himself ever could have. By 1989, when huge student demonstrations rocked all of China, Mr. Fang had become famous.

Hence it is not hard to see why China's rulers, on the rare occasions when they have ventured to mention Charter 08 in the state-run press, have refrained from quoting it directly. They tiptoe around it. On January 16, 2009—the same day the term "Charter 08" was purged from the Internet—Jia Qinglin, a member of the Party's ruling Politburo, published an article in the authoritative political journal Qiushi ("Seek Truth") that addresses the Charter 08 challenge: "We must always uphold the correct political orientation [and] build strong defensive battle lines against the interference of incorrect thinking about Western-style two-party or multi-party systems, bi-cameral systems or tri-partite divisions of power."

Here and elsewhere Mr. Jia's jargon is impeccable, but he does not attempt to explain why he believes that the thinking he opposes is incorrect. Similar veiled criticisms of Charter 08 appeared in February and March, but none quoted from the Charter or called it by name. The regime's efforts then and since have been focused not on refuting the Charter's ideas but on trying to limit their spread.

The record of the Charter's first year has left its drafters in fairly high spirits. Some may have lost books, computers and bank accounts—and one is in jail. But, as Zhang Zuhua writes on the Internet, "the overall response has been much better than we imagined."

Mr. Link is chancellorial chair for teaching across disciplines at the University of California, Riverside. He worked with the drafters of Charter 08 to translate the document into English.

The Totalities of Copenhagen

[Global View]

By Bret Stephens

"I am Alpha and Omega, the beginning and the end, the first and the last." Is it not obvious that the vision of apocalypse as it was revealed to Saint John of Patmos was, in fact, global warming?

Here's a partial rundown of some of the ills seriously attributed to climate change: prostitution in the Philippines (along with greater rates of HIV infection); higher suicide rates in Italy; the 1993 "Black Hawk Down" battle in Somalia; an increase in strokes and heart disease in China; wars in the Middle East; a larger pool of potential recruits to terrorism; harm to indigenous peoples and "biocultural diversity."

All this, of course, on top of the Maldives sinking under the waves, millions of climate refugees, a half-dozen Katrina-type events every year and so on and on—a long parade of horrors animating the policy ambitions of the politicians, scientists, climate mandarins and entrepreneurs now gathered at a U.N. summit in Copenhagen. Never mind that none of these scenarios has any basis in some kind of observable reality (sea levels around the Maldives have been stable for decades), or that the chain of causation linking climate change to sundry disasters is usually of a meaningless six-degrees-of-separation variety.

Still, the really interesting question is less about the facts than it is about the psychology. Last week, I suggested that funding flows had much to do with climate alarmism. But deeper things are at work as well.

Global warming and the psychology of true belief.

One of those things, I suspect, is what I would call the totalitarian impulse. This is not to say that global warming true believers are closet Stalinists. But their intellectual methods are instructively similar. Consider:

• *Revolutionary fervor*: There's a distinct tendency among climate alarmists toward uncompromising radicalism, a hatred of "bourgeois" values, a disgust with democratic practices. So President Obama wants to cut U.S. greenhouse gas emissions by 83% from current levels by 2050, levels not seen since the 1870s—in effect, the Industrial Revolution in reverse. Rajendra Pachauri, head of the U.N.'s Intergovernmental Panel on Climate Change, insists that "our lifestyles are unsustainable." Al Gore gets crowds going by insisting that "civil disobedience has a role to play" in strong-arming governments to do his bidding. (This from the man who once sought to preserve, protect and defend the Constitution.)

• *Utopianism:* In the world as it is, climate alarmists see humanity hurtling toward certain doom. In the world as it might be, humanity has seen the light and changed its patterns of behavior, becoming the green equivalent of the Soviet "new man." At his disposal are technologies that defy the laws of thermodynamics. The problems now attributed to global warming abate or disappear.

• *Anti-humanism*: In his 2007 best seller "The World Without Us," environmentalist Alan Weisman considers what the planet would be like without mankind, and finds it's no bad thing. The U.N. Population Fund complains in a recent report that "no human is genuinely 'carbon neutral'"—its latest argument against children. John Holdren, President Obama's science adviser, cut his teeth in the policy world as an overpopulation obsessive worried about global cooling. But whether warming or cooling, the problem for the climate alarmists, as for other totalitarians, always seems to boil down to the human race itself.

• *Intolerance*: Why did the scientists at the heart of Climategate go to such lengths to hide or massage the data if truth needs no defense? Why launch campaigns of obstruction and vilification against gadfly Canadian researchers Stephen McIntyre and Ross McKitrick if they were such intellectual laughingstocks? It is the unvarying habit of the totalitarian mind to treat any manner of disagreement as *prima facie* evidence of bad faith and treason.

• *Monocausalism*: For the anti-Semite, the problems of the world can invariably be ascribed to the Jews; for the Communist, to the capitalists. And as the list above suggests, global warming has become the fill-in-the-blank explanation for whatever happens to be the problem.

• *Indifference to evidence*: Climate alarmists have become brilliantly adept at changing their terms to suit their convenience. So it's "global warming" when there's a heat wave, but it's "climate change" when there's a cold snap. The earth has registered no discernable warming in the past 10 years: Very well then, they say, natural variability must be the cause. But as for the warming that did occur in the 1980s and 1990s, that plainly was evidence of man-made warming. Am I missing something here?

• *Grandiosity*: In "SuperFreakonomics," Steven Levitt and Stephen Dubner give favorable treatment to an idea to cool the earth by pumping sulfur dioxide into the upper atmosphere, something that could be done cheaply and quickly. Maybe it would work, or maybe it wouldn't. But one suspects that the main reason the chapter was the subject of hysterical criticism is that it didn't propose to deal with global warming by re-engineering the world economy. The penchant for monumentalism is yet another constant feature of the totalitarian mind.

Today, of course, the very idea of totalitarianism is considered passé. Yet the course of the 20th century was defined by totalitarian regimes, and it would be dangerous to assume that the habits of mind that sustained them have vanished into the mists. In Copenhagen, they are once again at play—and that, comrades, is no accident.

Write to bstephens@wsj.com

IN DEPTH

House flipping makes comeback in U.S. amid surge in foreclosures

Unlike the boom-time flippers, the latest generation needs cold cash, lots of local-market knowledge and strong nerves

By James R. Hagerty
Scottsdale, Ariz.

Cheri St. Arnauld, above, bought this foreclosed house in Scottsdale after investor Jon Mirmelli, below, bought it and flipped it.

(Top to bottom) Joshua Lott for The Wall Street Journal; James R. Hagerty/The Wall Street Journal

FOUR YEARS after the collapse of the U.S. housing bubble, flipping homes is back in fashion.

Jon Mirmelli, a Phoenix real-estate investor, learned late in the morning of Sept. 28 that a never-occupied custom house on the northern fringes of this Phoenix suburb was going up for auction around noon the same day. The six-bedroom home, built on a 1.2-hectare desert plot, has a kitchen with two dishwashers, four ovens, "antibacterial" copper sinks, and a master "spa" bathroom with space for a flat-screen TV visible from the tub.

The minimum bid, as set by a unit of Citigroup Inc., which had a $1.3 million mortgage on the home, was $379,900. After several minutes of bidding among investors and their representatives, some wearing shorts and flip-flops, Mr. Mirmelli won the home for $486,300. A week later, he agreed to sell it for $690,000 to a woman who moved in this month.

During the housing boom, millions of Americans tried to make money by buying and then quickly reselling new houses and condominiums. That kind of flipping stopped several years ago as home sales stalled amid a surge in foreclosures and curtailed lending.

Now, a different breed of flipper is proliferating: one who seeks bargains at foreclosure auctions. Unlike the boom-time flippers, the latest generation needs cold cash, lots of local-market knowledge and strong nerves.

Investors compete mostly with other full-time professionals who monitor foreclosure auctions at county courthouses across the country. The bidders often haven't had a chance to inspect the property or determine whether it's occupied by tenants, who may be hard to evict.

Sometimes "you have half an hour to make a half-million-dollar decision," says Damon Lines, an executive at PostedProperties.com, a Phoenix firm that provides information to foreclosure investors and bids on their behalf. "That's something most people can't or aren't willing to do."

In the states where home prices have fallen the most, many local real-estate markets are dominated by foreclosed property, dragging down the value of neighboring homes. Barclays Capital estimates that banks and mortgage investors have 639,000 foreclosed homes for sale across the U.S., largely concentrated in Florida, California, Arizona and Nevada. That's equivalent to more than 10% of expected U.S. home sales this year.

Flippers swoop in at public auctions of foreclosed homes, known as trustee or sheriff sales. In many states, the lender sets the minimum bid, and takes possession of the property only if no one bids more. In the past, the minimum generally was about equal to the mortgage balance due. But in today's market, in which many home values have dropped far below the loan balance, lenders wouldn't attract investors if they set the minimum at that level.

So lenders, or the loan-servicing firms that represent banks and investors, are increasingly likely to set the minimum much lower. Their goal is to tempt others to buy the house and spare banks the headaches and costs that come with taking possession.

Sean O'Toole, chief executive officer of ForeclosureRadar.com, a research firm, estimates that in November about 21% of homes sold in trustee sales in California went to investors rather than to a foreclosing lender, up from 6% a year earlier. The trend is similar in some other areas with high foreclosure rates, including Phoenix and Miami.

The advantage of such an outcome for the bank is that it gets money for the property right away, even if it isn't enough to cover the loan balance due. The bank doesn't need to make repairs to the home, cover the taxes and insurance, or pay real-estate-agent commissions.

The risk for banks is that if they set the minimum bid too low, the home might end up selling for much less than they could reap if they took ownership of it and sold it themselves. But with some 7.5 million U.S. households behind on their mortgage payments or in foreclosure, many lenders are overwhelmed. They're negotiating with distressed borrowers and figuring out how to sell the growing supply of foreclosed homes.

"The banks are so screwed up," says Mr. Mirmelli, the Phoenix investor, that they don't always have a clear idea of the value of the property they are foreclosing on.

To help them set the minimum bid, banks often consult with local real-estate agents and use software that estimates housing values. American Home Mortgage Servicing Inc., which collects payments and handles foreclosures on behalf of banks and loan investors, uses a formula designed to "achieve a fair value for the property and induce third-party bidders," says Christine Sullivan, a spokeswoman for the Coppell, Texas-based firm.

American Home starts with a broker's estimate and subtracts the expected costs of taking ownership of the house and selling it. The minimum bid is above the net proceeds American Homes believes it could get

IN DEPTH

Investors in Phoenix gather at one of the 700 auctions that take place here each weekday.

Joshua Lott for The Wall Street Journal

by acquiring and selling the property itself, she says.

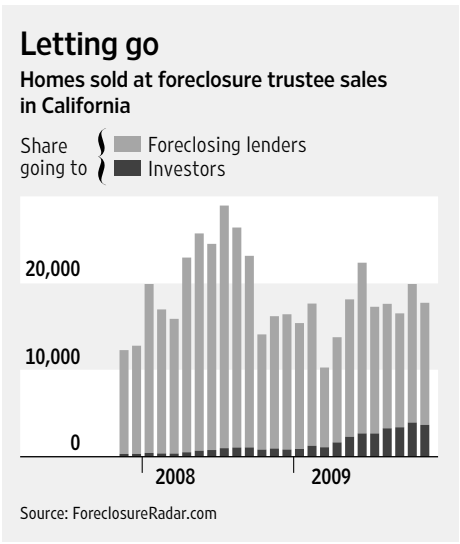
Outside the Maricopa County court building in downtown Phoenix, trustees, companies that are hired to handle foreclosure auctions, offer as many as 600 or 700 houses every weekday. A typical auction lasts only a few minutes. On a recent afternoon, a few dozen bidders and onlookers were clustered around a trustee employee seated on a lawn chair conducting auctions. He kept track of the bids on a laptop computer perched on one knee.

Many of the bidders are regulars at the sale, bidding for themselves or on behalf of investor clients. "We're all kind of like a little dysfunctional family," says Steve Mutsaers, a representative of PostedProperties, who was wearing black sunglasses, a white polo shirt and gray plaid shorts. During the summer, Mr. Mutsaers says, he wears a sombrero to cope with temperatures well above 38 degrees Celsius.

People who attend trustee sales here and in other foreclosure hot spots around the nation say the auctions have recently been attracting more bidders. "Properties are getting bid up," says Hal Feinberg, a Phoenix property investor. "You can still get good deals, but you've got to be more patient than you were a year ago." He and other investors in the Phoenix area say they have been flipping a lot of the homes they buy to Canadians taking advantage of a weak U.S. dollar.

Buying at these auctions is perilous. There are no public viewings, so bidders often can't know how much damage may have been done inside a house by occupants facing foreclosure. "We've seen everything," says Doug Hopkins, chief executive of PostedProperties. "We've seen people pour concrete down the toilets." Unless they've done their homework, bidders also don't always know whether they're buying a home subject to a lien from another lender, which can happen in cases where the borrower took out more than one home loan.

Because of such complexities, many of the bidders are people with experience in the property business. Jon Goodman, a real-estate lawyer in Boulder, Colo., for example, has bought 19 properties so far this year with other investors and sold 11 of them.



In February, the group won an auction for a home in Commerce City, Colo., near Denver, by bidding $142,000. Only afterwards did they discover that the previous owners had stripped the house of a toilet, much of the carpeting and a kitchen range. They replaced the missing items and made other minor improvements, eventually selling the house in May for $209,000. (The loan balance on the house had been $265,663.)

Mr. Goodman says their expenses came to about $24,000, including about $8,000 for real-estate commissions. That left a pretax profit of about $43,000.

The foreclosure auction was handled by American Home Mortgage Servicing. Ms. Sullivan, the spokeswoman for American Home, says the firm believes it didn't underprice the home and it received "a fair, market-value price for the property."

In Miami, a group of investors led by Oded M. Kaiser recently bought a condo at auction for $170,000. Two weeks later, they flipped it for $330,000. The loan balance was about $466,000. A spokeswoman for Litton Loan Servicing, which handled the sale on behalf of mortgage investors, declined to comment.

Not all flippers come out on top. Mr. Goodman says one of his legal clients, bidding on his own, unwittingly bought a house that was still subject to a first-lien mortgage. To gain control of the property, the client had to pay off the first mortgage. As a result, says Mr. Goodman, the client, who declined to be named, is likely to have at least a small loss on the deal.

Last summer, Phoenix investor Greg Thielen bought a home at an auction and later found that the former owner had stripped out air-conditioning units, granite countertops and kitchen cabinets, and uprooted palm trees from the lawn. Repair costs came to about $30,000, leaving Mr. Thielen with a small loss on the purchase. "It's not as easy as people think," says Mr. Thielen.

The Scottsdale property bought by Mr. Mirmelli was supposed to be the dream home for Brad and Michelle McCaughey and their three children. Mr. McCaughey, who grew up in Ann Arbor, Mich., was a minor-league hockey player and coach after graduating from the University of Michigan. About nine years ago, having moved to Phoenix, he says he discovered "a passion for real estate." He became a real-estate agent and began investing with his father and brothers-in-law in rental properties. Soon they had a dozen homes.

In 2005, Mr. McCaughey and his wife paid about $500,000 for 1.2 hectares of desert land and began building a home. By the time the house was nearing completion in 2008, the family rental-property business was in trouble because financing and other costs were exceeding their income.

The McCaugheys started selling their rental properties and put their own house on the market. They hoped to avert a foreclosure by getting Citigroup to accept a short sale, in which a home is sold for less than the loan balance due. Before they could find a buyer, though, Citigroup foreclosed on the home, and it went up for auction at the Maricopa County Courthouse this past September.

Citigroup initially set the minimum bid at auction at $1.3 million, far more than the market value, given comparable sales in the neighborhood. Then, on the morning of the sale, Citigroup lowered that minimum to $379,900. PostedProperties, which monitors Web sites for such price changes, sent out an email on the opportunity to Mr. Mirmelli.

Mr. Mirmelli has his iPhone set up so he can call up the address of a home due to be auctioned, see a map of the neighborhood with a tap of his finger and then see panoramic photos of the street with another tap. While he researched the home, one of his partners drove out to see the exterior and make sure there were no occupants. A PostedProperties employee bid on their behalf and won the house for $486,300, a sum that then went through the trustee to Citigroup.

After expenses of about $54,000, including real-estate commissions and minor repairs, Mr. Mirmelli and his partners expect a profit of about $150,000 on the flip. "It turned out to be a very good return," he says.

A spokesman for Citigroup declined to comment on the transaction.

The McCaugheys, who formerly owned the house, are now renting a smaller home. Mr. McCaughey now works for a telecommunications service and is thinking about going back into hockey-related work.

Over a bowl of soup at a Paradise Bakery & Café in Glendale, a suburb of Phoenix, Mr. McCaughey says he sees a lot of real-estate bargains now and may jump back into the market at some point. As for the losses he's taken on his former holdings, he says: "It is what it is. You deal with it."

WSJ.com

Online today: See photos from the foreclosure market in Arizona at **WSJ.com/RealEstate**

FROM PAGE ONE

Bloomberg News

Japanese Prime Minister Yukio Hatoyama in Tokyo Tuesday. His government has proposed an $80 billion stimulus package to prevent a double-dip recession, but some economists say bolder policies are needed.

Japan proposes stimulus plan

Continued from first page
when it meets for a new session in January.

Japan's move comes as many countries are grappling with new rounds of stimulus amid questions about the recovery's sustainability. In Washington, the Obama administration is putting the finishing touches on a package of measures to spur job creation, as the unemployment rate hovers around 10%, 10 months after the enactment of a $787 billion stimulus law.

Since sweeping to power in September, Prime Minister Yukio Hatoyama's Democratic Party of Japan has focused on trying to reduce government spending to generate funds for its ambitious policies, aimed at pumping more cash into the hands of families and consumers.

Some economists say, however, the party has yet to come up with long-term growth policies that will help companies nurture new businesses or better compete against their foreign peers—and that new regulatory policies may end up undermining growth.

Helped by gains in China-bound exports, Japan's economy has been recovering in recent months, with GDP expanding 4.8% during the third quarter. But as the effect of the previous government's hefty stimulus spending begins to wear off and the yen's sharp rise cuts into corporate profits, worries are growing that Japan may be pulled back into recession early next year.

Reflecting such concerns, the Japanese stock market has underperformed other markets, with the Nikkei 225 up just 14% year-to-date, compared with 22% for the Standard & Poor's 500 index and 43% for Hong Kong's Hang Seng index.

New policies to generate growth and create demand are urgently needed if Japan wants to prevent its mild deflation from spiraling into a full-fledged crisis, some economists say. Such policies could include incentives for green technologies, corporate tax cuts and an overhaul of the labor market to attract more female workers and foreigners.

"First we need to solve the shortage of demand and then deal with the fiscal deficit in the mid- to long-term," said Masayuki Kichikawa, a Bank of America Merrill Lynch economist. "We still have some time before Japan's fiscal deficit triggers a real crisis."

To come up with bold growth strategies, Mr. Hatoyama needs to show leadership and better manage his relationship with two small coalition partners whose views on some key issues are different from the DPJ's.

The size of the latest stimulus package was increased by 100 billion yen at the last minute after Financial Services Minister Shizuka Kamei, a coalition party chief known for his market-skeptical views, asked for more financial aid to regional governments. Several analysts say other policies proposed by Mr. Kamei and endorsed by Mr. Hatoyama—reversing the privatization of Japan's postal-services agency, pressuring banks to forgive outstanding loans—emphasize more government intervention in the economy and act as a damper on private-sector investment and hiring.

Mr. Hatoyama is under fire for seemingly bending to pressure from another coalition partner on policies related to U.S. forces stationed in Japan.

After his party's landslide victory in August, Mr. Hatoyama enjoys strong popular support, but some voters are growing skeptical. In a poll released Monday by the Yomiuri Shimbun newspaper, the approval rating of Mr. Hatoyama's cabinet fell to 59% from 63% last month, slipping below 60% for the first time. The most common reason cited for disapproval was a lack of leadership by Mr. Hatoyama.

"What I see right now is a case of the tail wagging the dog," Uichiro Niwa, chairman of Itochu Corp, a big trading company, said at a conference Monday. "Japan's economy will not revive unless the government stops drifting and starts to choose and focus."

—Takashi Nakamichi contributed to this article.

China urges U.S. to deepen climate pledges

Continued from first page
Aeronautics and Space Administration's Goddard Institute for Space Studies show similar results, the statement said.

"These figures highlight that the world continues to see global temperature rise, most of which is due to increasing emissions of greenhouse gases into the atmosphere, and clearly shows that the argument that global warming has stopped is flawed," the Met Office said.

The U.K. measurements come from a global average temperature record made up of land-surface and sea-surface air temperatures. The Met Office compiles the data from sea measurements, and the Climatic Research Unit at the University of East Anglia compiles the data from land measurements.

However, though the rolling-ten-year-average technique used for the study shows 2000-2009 as the warmest decade on record, the years since 2006, 2007 and 2008 each have been cooler than 2005, according to measurements from institutes including the University of East Anglia. The years 2006, 2007 and 2008 still are among the warmest on record. But they are cooler than 2005, according to these measurements.

The Met Office's announcement follows controversy over leaked emails from the University of East Anglia's Climatic Research Unit that have shaken climate science. Climate skeptics say the emails show that key data have been manipulated to strengthen the argument for climate change being man-made.

The Climatic Research Unit's data are important as they were one of the global temperature records that have underpinned the Intergovernmental Panel on Climate Change's assessment reports and numerous scientific studies.

However, a spokesman for the Met Office said the data used to show this decade was the warmest on instrumental record were reliable. "We're 100% confident that the data are reliable and they are corroborated by two independent data sets in the U.S. which show similar warming," Met Office spokesman Dave Britton said.

In a separate announcement, the World Meteorological Organization said that 2009 is likely to rank in the top 10 warmest years on record since the beginning of instrumental climate records in 1850.

Credit warnings rekindle jitters, hitting stocks

Continued from first page
ster, N.J.

The Greek ASE index skidded 6%, as banking stocks were slammed, and the U.K.'s FTSE 100 fell 2% on worries about the government's finances. The pan-European Dow Jones Stoxx 600 index fell 1.5%, as weaker-than-expected German industrial producer data also weighed on the market.

The Dow Jones Industrial Average was down 0.8% to 10312.37 at midday but had retraced much of its early drop of about 140 points.

The U.K. pound sagged under the weight of a possible debt downgrade. Moody's warned that the U.K. and the U.S. need to rein in their deficits in order to hold onto their triple-A credit ratings. The report didn't hit the dollar, as a U.S. downgrade is still generally viewed as unlikely.

In both the U.K. and the U.S., Moody's said, much will depend on the vigor of the economic recovery and the willingness of governments to shrink their deficits.

In a report, the ratings firm set the two countries apart from other top-rated sovereign borrowers, calling them merely "resilient" rather than "resistant," a label it applied to Canada, France and Germany, where public finances are in better shape.

Under the most pessimistic scenario put forward by Moody's, the U.S. would lose its top rating in 2013 if economic growth proves anemic, interest rates rise and the government fails to dent the deficit or recover most of its assistance to the financial sector.

In its downgrade of Greece, Fitch highlighted "concerns over the medium-term outlook for public finances given the weak credibility of fiscal institutions and the policy framework in Greece."

The Greek budget deficit is forecast to reach 12.7% of gross domestic product this year, compared with the 3% limit for the 16 members of the euro zone, which includes Greece. Both the European Union and the European Central Bank have increased pressure on Greece to reduce its deficit.

Tuesday, Sweden's finance minister told Greece to react forcefully to doubts about its creditworthiness and get serious about reducing the deficit. Sweden currently holds the rotating E.U. presidency.

"If they don't solve this situation, they will be in a very difficult market situation," Swedish Finance Minister Anders Borg said. "They must present a strong plan where they implement efficient measures to counteract the deficit."

Greek Finance Minister George Papaconstantinou said a complete plan and measures for reducing the country's deficit will now be included in Greece's growth-and-stability plan, which will be submitted to the European Commission in January.

In the Middle East, the Dubai Financial Market's benchmark index shed 6.1% because of continued uncertainty about **Dubai World**'s repayment plans for $26 billion of debt. It has lost 22% since Nov. 30, or $8.4 billion in market value.

Dubai World is seeking to restructure about $26 billion of debt, including a $3.5 billion Islamic bond from property unit Nakheel that is due Monday.

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Exxon exhibits appetite for risk

By Patrick Barta And Ross Kelly

SYDNEY—A decision by **Exxon Mobil** Corp. and several other companies to proceed with a US$15 billion natural-gas project in Papua New Guinea underscores the energy sector's rising tolerance for risk as demand recovers in Asia.

Exxon Mobil said Tuesday it had approved the project, the largest-ever foreign investment in Papua New Guinea, pending finalization of financing and sales agreements to gas buyers. The company said those terms would likely be wrapped up by early next year.

The project has the potential to transform Papua New Guinea, an impoverished South Pacific nation better-known for jungles, violence and corruption, into one of the world's newest significant energy producers. The estimated cost is potentially double Papua New Guinea's annual gross domestic product. By some estimates the gas shipments, which would likely begin in late 2013 or 2014, would triple the country's export revenue.

The project also would be a vote of confidence in a country that has major untapped deposits of minerals, potentially opening the door to further investments.

But experts on Papua New Guinea warn about the dangers of doing business there. A former Australian colony of six million people that relies heavily on foreign aid, Papua New Guinea is plagued by lawlessness. Roving gangs known as "raskols" have periodically terrorized Port Moresby, the capital, with machetes and other weapons.

The Economist Intelligence Unit in 2005 rated Port Moresby one of the worst cities in the world measured by stability, infrastructure and other indicators, behind Lagos, Nigeria, and Dhaka, Bangladesh. The country also is one of the world's most corrupt according to Transparency International, behind Nigeria, Indonesia and Zimbabwe.

Papua New Guinea also has minimal infrastructure outside of Port Moresby and companies typically must negotiate terms with local landowners to gain access to resources—a knotty problem in a country with hundreds of ethnic groups and more than 800 languages. Experts say deals reached with tribal leaders run the risk of unwinding later or becoming mired in other disputes. The Panguna copper mine on the Papua New Guinea island of Bougainville was shut down in 1989 after attacks on the mine and its staff amid a wider armed insurrection.

"There are multiple things that could go wrong" with the Exxon project, says Jenny Hayward-Jones, an expert on Papua New Guinea at the Lowy Institute, a Sydney think tank. "The risk of it being like every other mess in PNG is high."

But Exxon Mobil has considerable experience in challenging environments and one of its partners, Australia's **Oil Search** Ltd., long has had operations in Papua New Guinea. Other partners include **Santos** Ltd. of Australia, **Nippon Oil** Corp. and the Papua New Guinea government. Exxon, with a 33% stake, is likely to contribute in excess of $5 billion into the project. Oil Search is the next biggest partner, with a 29% stake. The government has nearly a 17% stake.

"I think people recognize there are inherent risks with PNG, but the combination of Exxon Mobil's experience with complicated oil and gas projects and Oil Search's experience on the ground is about as good a combination you can get," says Frank Harris, at energy consulting firm Wood Mackenzie. "If Exxon didn't think they could deliver it, then it wouldn't be a project."

Papua New Guinea also stands as one of the few places in Asia, along with Australia, that can promise large new supplies of natural gas when energy demand in the region is rising again. The International Energy Agency forecasts that Asia's natural-gas demand will grow 3.8% a year through 2030, led by China and India. While the U.S. has a surplus of available gas, supplies are still fairly tight in Asia and buyers are scrambling to lock up supply.

In recent days, the Exxon Mobil project wrapped up deals to sell two million tons of gas annually to **China Petroleum & Chemical** Corp. and 1.8 million tons of gas a year to **Tokyo Electric Power** Co. Exxon said it expects soon to finalize two more deals to underwrite its full capacity of 6.6 million tons a year.

Exxon Mobil officials agree the PNG project will be challenging. The gas is located in remote areas and must be transported to the coast by a 310-kilometer, 81-centimeter pipeline that will traverse rugged terrain at heights up to 200 meters above sea level. From the shore, it will

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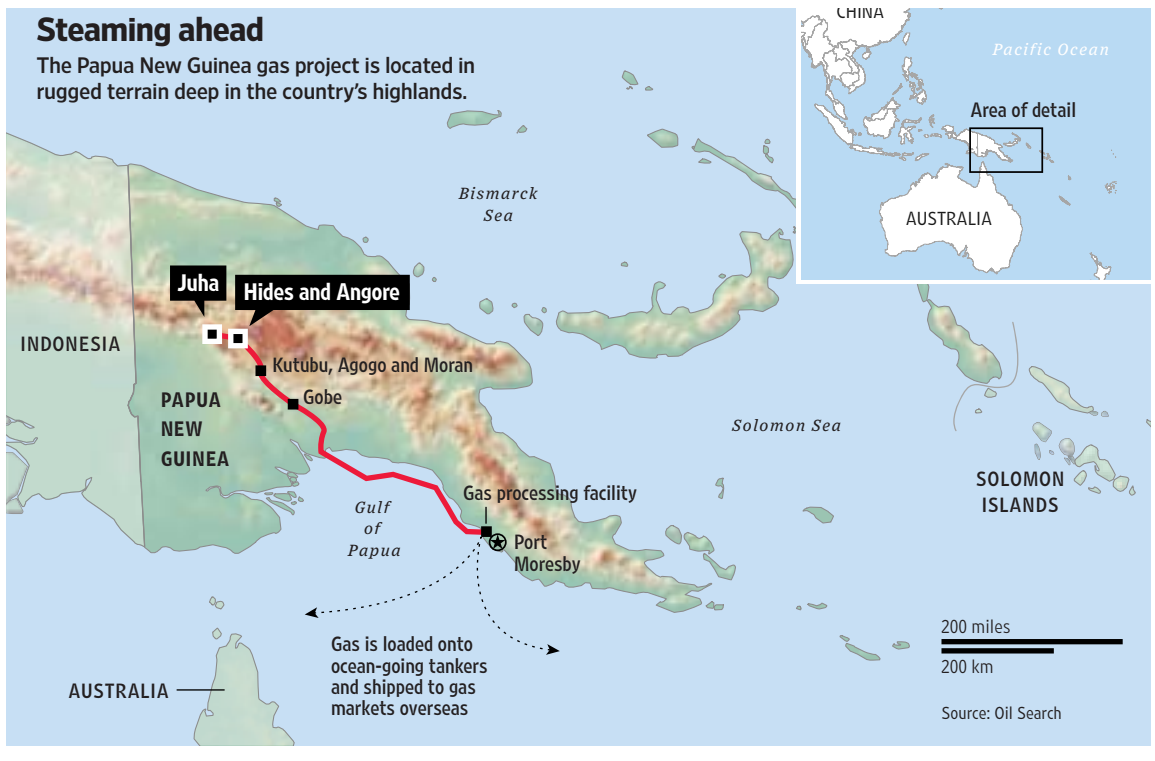

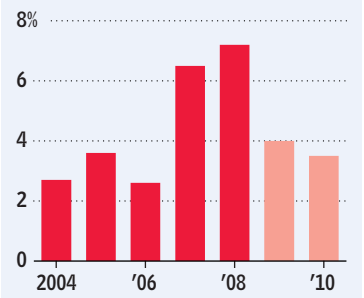

Samsung Life heads a pack of Korean IPOs

By Evan Ramstad

SEOUL—South Korea's stock market is on the verge of its biggest-ever flurry of initial public offerings by valuation, led by a company whose issuance could exceed four trillion won ($3.45 billion).

The company, **Samsung Life Insurance** Co., is South Korea's largest life insurer, with a 25% market share by premiums, and at one time played a major role in financing the growth of the Samsung empire that now includes some of the world's biggest companies in electronics, shipbuilding and construction.

Investors and investment bankers have been anticipating an IPO from the company since early 2007, when a government commission resolved a long-running dispute over whether Korean life-insurance companies owe policyholders a payout from an equity offering.

Samsung Life said last month that it would list in the first half of 2010 and tapped Goldman Sachs, Korea Investment & Securities, Bank of America Merrill Lynch, Morgan Stanley and Shinhan Investment Corp. to manage an offer.

In October, **Tong Yang Life Insurance** Co. became the first of the country's big life-insurance companies to go public. In addition to Samsung Life, **Korea Life** Co., the No. 2 company by premiums, and **Mirae Asset Life Insurance** have announced IPO plans for next year.

In all, life insurers are likely to attract seven trillion won in investments.

On top of that, new stock offerings by government-owned companies, such as **Incheon International Airport** Corp., are expected next year and could push the value of IPOs overall to more than eight trillion won.

Analysts say that is a sign of growth in South Korea's capital market. The previous record year for Korean stock offerings was 1999, when 3.8 trillion won was raised by companies under pressure to raise capital in the wake of the Asian financial crisis.

"These IPOs will reinvigorate the Korean market and help it become more mature," says Han Chi-hwan, an analyst at Daewoo Securities in Seoul.

In recent days, the value of Samsung Life shares in over-the-counter trading, which in South Korea is permitted between two parties for non-listed stocks, has risen to a level that suggest the company may raise closer to 4.5 trillion won.

The listing will eclipse the $3.6 billion IPO in 2006 of Lotte Shopping Co., one of South Korea's largest retailers. Lotte split its offering between the Seoul and London exchanges because, at the time, major South Korean companies were required to list on international stock exchanges as well as at home. Since 2007, South Korean companies have been able to list just on the domestic exchange.

In recent weeks, South Korean IPOs have turned in a mixed performance. Shares in Tong Yang Life tumbled in their debut after receiving strong initial orders. Jinro Ltd., a leading producer of liquors, was forced to lower its offering price at the last minute. But a technology-services firm, SK C&C Co., opened above its listing price early last month and has jumped about 50% since.

—Jaeyeon Woo contributed to this article.

Mixed bag

Performance of stocks of recently listed companies in South Korea

	IPO date	IPO price*	Tuesday's close	Change
Tong Yang Life	Oct. 9, 2009	17,000 won	14,450 won	-15.0%
Jinro	Oct. 19	41,000	41,100	+0.2
SK C&C	Nov. 11	30,000	44,950	+49.8

* The price the company set

Source: WSJ reporting

Siemens seeks China growth

Environmental technology drives deals, supported by stimulus spending for green programs

By Patricia Jiayi Ho

BEIJING—**Siemens** AG, hoping to capitalize on China's growing demand for green technology, said Tuesday its environmental business accounted for a significant proportion of around 2 billion yuan ($293 million) worth of new orders it has signed in the past few days with Chinese firms.

The German engineering conglomerate, known for its coal-fired and nuclear-energy plant production, is increasingly generating its sales from energy-saving and other green-technology products. Revenue from such products in the latest fiscal year was €23 billion ($34 billion), out of total sales of €76.65 billion.

Economic stimulus programs around the world have been adding momentum to the market for green technology, Chief Executive Peter Löscher said, adding that Siemens expects orders of about €50 billion from these government programs over the next three years, with about 40% going to the company's green portfolio. About €1.4 billion will come from China, he said.

According to the China Greentech Report 2009, published in September by a group of Western companies and organizations to highlight the potential for environment-related projects in the world's most populous nation, China's market for clean technology could be valued at up to $1 trillion annually.

"Our green products and solutions have stabilized our business during the global economic recession, and we will continue to base our future growth on orders for these technologies," Mr. Löscher said.

Associated Press

Visitors walk past Siemens booth at October exhibition in Beijing. The company hopes to sell green technology in China.

While the global economic recession has bottomed, the business environment will still be difficult in 2010 in industrialized countries, Mr. Löscher said.

Siemens expects strong growth from China and India, and also Brazil and the Middle East.

Siemens said its mobility division in China had signed deals in airport logistics, signaling and rolling stock, with a total value of about 1.3 billion yuan ($190 million). The deals included operation and maintenance contracts for Beijing International Airport Terminal 3.

In addition to a 1.35 billion yuan investment in green businesses pledged earlier this year, Siemens is investing 500 million yuan in its operating companies in Tianjin over the next three to five years, the company said.

Part of the investment will be used for expansion of the production capacity of wind-turbine gear boxes.

Istithmar loses a W Hotel in foreclosure auction

By Lingling Wei

Dubai World's private-equity arm, **Istithmar World Capital**, made a last-ditch effort to keep control of the W Hotel Union Square in Manhattan in a foreclosure auction, but ended up losing the property that it acquired in a top-of-the-market investment.

The 270-room hotel was acquired Tuesday by **LEM Mezzanine**, a private-equity fund affiliated with **Lubert-Adler Real Estate Funds**, which holds the junior-most portion of $117 million in mezzanine debt, or the part that fills the gap between the first mortgage and a borrower's equity.

At the auction held at the New York office of law firm **Allen & Overy** LLP, which represents LEM, the fund initially bid $2 million for the debt, while Istithmar bid $2.1 million subject to certain conditions. LEM emerged the winner after talks behind closed doors.

The 21-story, full-service hotel is suffering from reduced business and leisure travel amid a weak economy. In September, the $115 million first mortgage, which was packaged and sold as commercial mortgage-backed securities, was transferred to a "special servicer" in charge of handling troubled loans. Istithmar at the time blamed the declining hotel market in New York, which caused hotel room rates to drop.

Realpoint, a credit-ratings firm, estimates that the hotel is now valued at $137.5 million, which is less than the first mortgage.

The foreclosure comes as Dubai World, the government-owned fund, is struggling with a big debt load. As a result, Dubai World is expected to sell some noncore assets.

Seagate moves into market for solid-state memory drives

By Don Clark

SAN FRANCISCO—**Seagate Technology** Inc., the biggest maker of computer disk drives, is launching its long-awaited entry into the market for devices that store data on memory chips.

The company Tuesday announced its Pulsar solid-state drive, which is designed for enterprise applications such as storing data in server systems. Seagate says the initial product stores 200 gigabytes of data, and is designed to replace 2.5-inch disk drives.

Solid-state drives use chips known as flash memory, which are more costly than disks to store an equivalent amount of information. But SSDs, as they are called, fetch data much more quickly and use less energy.

Some companies have sold SSDs for applications such as laptop computers, where battery consumption is a key consideration. But others, such as Seagate, are focusing on server applications, designing SSDs to be particularly reliable and tend to command higher prices.

Seagate, which is based in Scotts Valley, Calif., has at times been criticized on Wall Street for sticking to disk drives as other companies jumped on SSDs. Companies in the market already include **STEC** Inc. and **Intel** Corp.

But Seagate officials have said they would enter the market when the time was right, arguing that SSDs will be used by companies to complement rather than replace disk drives—using the newer technology for smaller amounts of data that must be fetched quickly.

"Seagate is optimistic about the enterprise SSD opportunity," said Dave Mosley, a Seagate executive vice president, in a press release. "Our strategy is to provide our customers with the exact storage device they need for any application, regardless of the component technology used,"

Though the company formally announced its first SSDs Tuesday, Seagate said it has been shipping initial units to select computer makers since September. It didn't disclose pricing.

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DOUGLAS J. WEBER

The total list price of the planes United has ordered exceeds $9 billion, but the airline is undoubtedly receiving a discount.

United places plane orders

Carrier will buy 50 aircraft, split between Boeing and Airbus

By Susan Carey

United Airlines parent **UAL** Corp. confirmed Tuesday that it placed firm orders for 50 wide-body international aircraft, with the order evenly split between **Boeing** Co.'s 787 model and Airbus's new A350.

At list prices, those planes have a value of more than $9 billion, although the airline undoubtedly is reaping a huge discount. United also said it arranged for future purchase rights for 50 more of each type.

United said the new aircraft will be delivered in the 2016 to 2019 time frame, enabling it to retire its international Boeing 747s and Boeing 767s. The new aircraft will reduce United's seat count by 19% over the planes being replaced and will cut its entire international seat count by 10%.

The orders, wrapped up Monday and approved by UAL's board, enable United "to meet its financial and operational objectives and respond to changes in future market conditions," the company said. By shopping for new planes during an industry downturn, the company was able to get the best possible deal, it said.

The order will save millions of dollars a year on fuel and maintenance, results that only get better as fuel prices rise, United President John Tague said in an interview.

The order will also give United a stronger position in the global marketplace.

In recent years, cash-strapped U.S. airlines have been slow to order new planes, compared with international competitors. Mr. Tague said the split order gives United flexibility in operating flights throughout its route network.

United this year formed a joint venture to work more closely with **Continental Airlines** Inc. and has said it continues to be interested in merging with another airline. However, Mr. Tague said the new aircraft were ordered only with United's needs in mind.

For the past six months, United had said it was working to get a good deal from manufacturers as new aircraft orders dwindled at Boeing and Airbus.

"We clearly viewed that we had an opportunity here," Mr. Tague said.

The Airbus A350, a new plane that is expected to begin deliveries to customers in 2013, has a range 11% greater than United's existing 747-700s, the airline said. The Boeing 787, which after developmental delays is expected to begin deliveries in late 2010, has a range that's 32% greater than United's existing Boeing 767s. Fuel costs for the new aircraft will be 33% less than the expenses on the ones they replace, and maintenance costs will be 40% less, United said.

The company said it will equip the A350s with Rolls-Royce PLC Trent engines and will power the 787s with either the Trent engine or an engine supplied by General Electric Co.

Airbus is a wholly owned subsidiary of European Aeronautic Defence & Space Co.

Low demand and prices sap profit at Petronas

By Elffie Chew

KUALA LUMPUR—Petronas, Malaysia's state-owned oil and gas company, said anemic demand for hydrocarbons and lower prices resulted in a 48% decline in first-half profit.

The company, **Petroliam Nasional** Bhd., said net profit for the half year ended Sept. 30 fell to 20.29 billion ringgit ($5.97 billion) from 38.65 billion ringgit a year earlier.

Revenue fell 38% to 98.18 billion ringgit because of a decrease in oil and natural gas prices and lower sales volume.

Unlisted Petronas controls several listed units, including shipping company **MISC** Bhd., retail gasoline-station operator **Petronas Dagangan** Bhd. and gas distributor **Petronas Gas** Bhd.

Petronas said 48.6% of its revenue was derived from international operations, 30% from exports and 21.4% from domestic operations.

It said total production in the first half totaled 1.73 million barrels of oil equivalent a day, down from the 1.78 million the company reported a year earlier.

The lower domestic production was due to the implementation of a reservoir management system as well as an increase in maintenance activities, which included the rejuvenation and replacement of pipelines.

On the international front, Petronas said production declined because of a decrease in gas demand from domestic buyers in Egypt, a fall in baseline production rates and a decrease in Middle East production as a service contract in Iran wound down.

The company didn't give any earnings forecasts or guidance for the remainder of the current fiscal year.

In March, Chief Executive Hassan Marican said that "Petronas faces significant and growing challenges in an increasingly difficult industry outlook" but will continue investing in building capacity.

Exxon approves natural-gas project

Continued from page 17

then be transported through a 400-kilometer subsea pipeline to a gas-processing terminal before being shipped to customers in Asia.

"We're in a rugged and remote area, we're seismically active, the annual rainfall here is some of the highest in the world, and we've got very long supply chains," Decie Autin, a project manager, said at a conference in Australia earlier this year.

Exxon Mobil spokeswoman Rachael L. Moore said by email that gas sales will "provide long-term sustainable benefits to the community" in Papua New Guinea, including investments in health and education projects. "The PNG government is stable and has made significant progress recently in strengthening the legal and institutional systems in the country."

Attempts to reach the Papua New Guinea government for comment were unsuccessful. In a written statement issued by Exxon Mobil, Prime Minister Michael Somare welcomed the investment and said that "cooperation between the public and private sectors will create value for the Papua New Guinea society as a whole and grow our economy in the future."

—Russell Gold contributed to this article.

P&G's Lafley hands over board reins

By Ellen Byron

Procter & Gamble Co. announced the resignation of A.G. Lafley as chairman, effective Jan. 1, with Robert McDonald adding the role to his responsibilities as chief executive and president.

The move comes sooner than many analysts and investors expected. Mr. Lafley, 62 years old, hadn't publicly said when he would step down. He plans to retire from P&G on Feb. 25.

When Mr. McDonald succeeded Mr. Lafley as CEO in July, many investors and analysts assumed the former chief would stay on for about a year, although he promised to stay only as long as the board and Mr. McDonald needed him.

Mr. Lafley said confidence in the Cincinnati consumer-products company's financial results is behind his decision to step down in January. P&G's fiscal first quarter, ended Sept. 30, was better than expected.

"This morning I'll know our results through Monday, and we can see a big chunk of the second quarter," Mr. Lafley said in an interview. "In parts of the world we've already sold our [fiscal] 2010 plan, so we have a pretty good idea of how it's all been received, and it all looks good."

Associated Press (2)

A.G. Lafley, left, is handing over the chairmanship to Robert McDonald, right.

Mr. Lafley also sees brighter overall economic conditions ahead. "I don't think it's going to be frothy, but it's going to be slow and steady," he said.

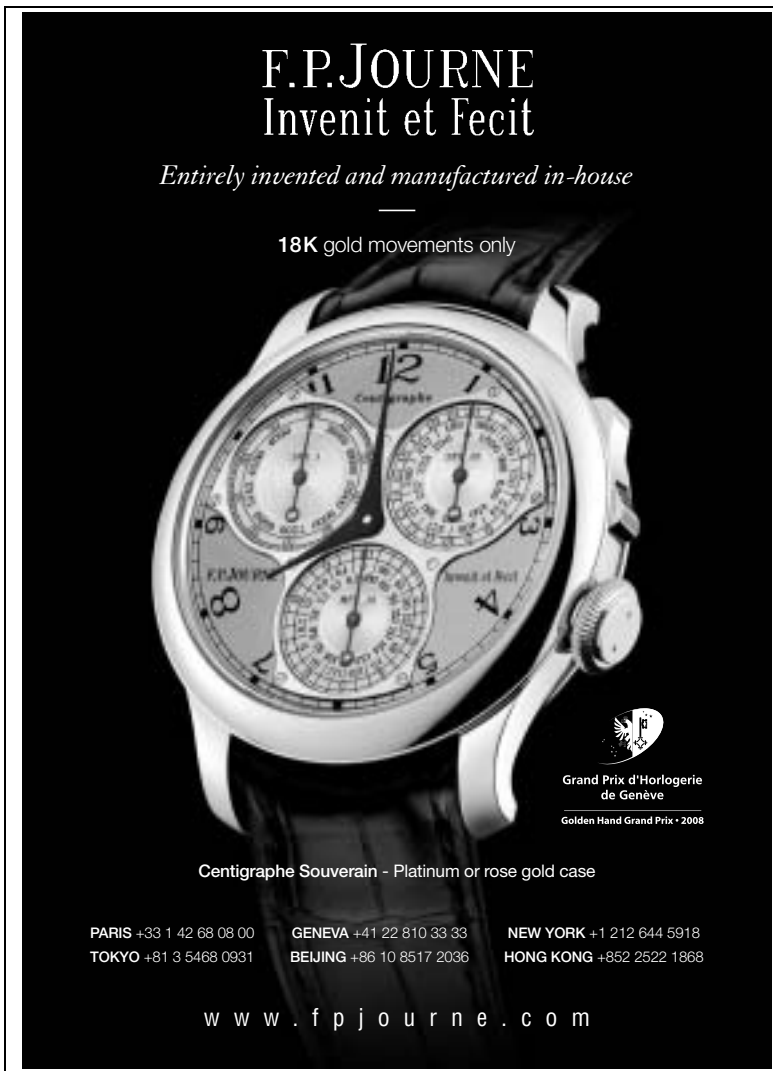
The maker of Tide laundry detergent, Crest toothpaste and Olay skin care products posted a rare sales decline for its 2009 fiscal year, ended June 30, with revenue falling 3% to $79 billion from a year earlier. During the recession, cash-strapped consumers have balked at the company's premium-priced products, even as rising commodity costs and currency fluctuations have squeezed P&G's profit margins.

For the quarter ended Sept. 30, revenue fell 6% to $19.81 billion, although organic sales (a measure excluding acquisitions, divestitures and currency-exchange effects), rose 2% over the prior year, higher than Wall Street had expected. Profit fell about 1% to $3.31 billion.

Mr. McDonald has pledged bold action, detailing plans to reinvigorate P&G with price cuts, more expansion into developing markets and more low-cost products.

Mr. Lafley, who started at P&G in 1977 and served as chief executive for nine years, said he doesn't have any future plans in place yet, aside from a vacation of four to six weeks.

"I'm going to go someplace where the cell reception isn't very good," he said.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CORPORATE NEWS

Chinese auto sales rose about 98% in November

By Patricia Jiayi Ho

BEIJING—China's passenger-auto sales almost doubled in November from a year earlier to a monthly record, helped by the recovery in the local economy and government support that continued to boost the booming car industry.

Growth rates in China's auto industry have been in the double digits for most of the year, compared with developed markets such as the U.S., where sales have plummeted amid the credit crisis and high jobless rates, but last month's growth figure was a standout.

November's passenger-auto sales rose 98.2% to 1.04 million units, data from the China Association of Automobile Manufacturers trade group showed Tuesday.

The robust growth was also the result of a low comparison base. In the same month last year, passenger-vehicle sales fell 10.3% from a year earlier to 522,800 units, the steepest decline for 2008.

Overall vehicle sales in China last month rose 96.4% from a year earlier to 1.34 million units.

Passenger-auto sales in the January-November period rose 49.7% from a year earlier to 9.23 million units, according to data from the association.

The CAAM counts deliveries to dealerships in its totals, as opposed to retail sales.

Auto sales, including commercial vehicles, rose 42.4% in the January-November period from a year earlier to 12.23 million units, it said.

Besides industry-specific policies, China's loose monetary policy has also helped the boom in vehicle sales, said Yuanta Securities analyst Johnny Wong.

"People have money right now," he said.

CAAM's executive vice president and secretary general, Dong Yang, in November said he expected vehicle sales in China to exceed 13 million units this year, or about a 40% increase from 2008.

While the year-end period is usually a time for price wars, CSM Worldwide analyst Yale Zhang said dealers aren't eager to cut prices this time.

"The market is too strong," he said. "Dealers do not really have a lot of cars on their lots."

Auto-company executives and industry observers expect sales growth to slow to 10% to 15% next year.

China hasn't confirmed whether it will extend beyond the end of the year a tax cut on purchases of vehicles with engines no bigger than 1.6 liters.

However, the government has said the auto industry is an important part of a recovering economy.

Chang Xiaocun, who heads the Commerce Ministry's department of market-system development, earlier this month said that he is confident the tax cut will be continued into 2010.

GM executive says job cuts are done for now

By Sharon Terlep

DETROIT—**General Motors** Co.'s new North American chief declared an end to cost-cutting mode, vowing to repair the company's bottom line through improved sales and revenue.

Mark Reuss told reporters Tuesday the car maker plans no further job cuts after decades of almost constant downsizing.

"We are not going to save our way into any kind of successful action in this company," Mr. Reuss said during a conference call. "The only way to stabilize this company is to make, sell, build and develop better vehicles than anyone else. The other problems solve themselves."

Mr. Reuss declined to discuss specific sales or profitability targets set by GM Chairman Edward E. Whitacre Jr., who took over chief-executive responsibilities last week after the abrupt resignation of CEO Frederick "Fritz" Henderson.

Mr. Reuss was appointed as GM's top official in North America as part of a management shakeup that reassigned most of the company's top leaders.

He said Mr. Whitacre's directive to the new leadership team, assembled last week, is to improve sales without relying on profit-eroding buyer incentives and fleet sales.

GM, Mr. Reuss said, remains on track to make its first loan repayment of $1.2 billion to U.S. and Canadian taxpayers this month.

Reuters

Tesco, a U.K.-based food chain, has seen a strong recovery outside Britain.

Tesco sales get a boost from banking, overseas

By Kathy Sandler

LONDON—**Tesco** PLC's nascent banking services and its expansion into overseas markets helped the U.K.-based supermarket company lift its fiscal third-quarter sales 7.7% despite the economic downturn.

While the U.K. grocery market, where Tesco has a 31% share, remains the company's largest and primary business, it has also been expanding abroad. In recent years, Tesco has bought Korea's Homever chain, opened convenience stores in the U.S. and begun offering loans and banking services in the U.K.

For the three months ended Nov. 28, Tesco said its banking operations were responsible for 1.5% of the overall increase in sales. And turmoil in the U.K. banking industry could work in its favor: Analyst see Tesco as a likely candidate to buy some of the operations that the U.K.'s larger banks are being forced to sell.

While Tesco previously denied interest in banking assets being sold by Royal Bank of Scotland Group PLC and Lloyds Banking Group PLC, it has said that aims to expand into a full-service bank over time.

At the same time, extra store space overseas helped push up third-quarter sales 5.4% across Tesco's international businesses, excluding currency fluctuations and fuel sales. Sales from stores open more than a year fell 3.7%.

That decline in so-called underlying international sales reflects the recession's impact on consumer spending, although like-for-like sales have improved substantially from the 6.7% fall in the second quarter.

Tesco has seen a strong recovery in most of its international businesses, said Finance Director Laurie McIlwee. In Asia, sales were up 10.5% at constant currencies, while Europe saw sales grew a more modest 0.6% when currency fluctuations are stripped out.

In the U.S., sales increased 37.4% in the latest quarter, but the company didn't say how much of this growth came from stores open more than a year. Tesco said like-for-like sales have improved since it introduced new products and launched a marketing campaign, without being more specific.

Tesco's main U.S. markets—California, Nevada and Arizona—were among states hit hardest by the property crisis, and some of the company's new Fresh & Easy stores have suffered.

Although the retailer slowed down its U.S. expansion, sales in the country have continued to grow as Tesco opened new stores. The slowdown, however, has hit profitability because the large infrastructure network Tesco put in place is being used for a much smaller store base than originally planned.

In its core U.K. market, Tesco reported a 2.8% increase in same-store sales, down slightly from last quarter's 3.1% but achieved against a backdrop of much lower food-price inflation.

McDonald's ekes out 0.7% gain in monthly sales as Asia slows

By Tess Stynes

McDonald's Corp.'s global same-store sales rose a scant 0.7% last month as the fast-food giant reported declines in the U.S., Asia and emerging markets.

Sales fell 1% in the Asia-Pacific, Middle East and Africa segment. That compares with a 13% increase a year earlier. Australia sales remained strong but were offset by weakness in Japan and China.

A 2.5% gain in Europe was driven by sales in the U.K. and France.

Sales fell 0.6% in the U.S. The weak U.S. economy caught up to McDonald's in October, when the Oak Brook, Ill., chain posted a 0.1% dip in U.S. same-store sales, the first negative reading since early last year.

McDonald's said that despite the decline in the U.S., its same-store sales remained "among the best in the industry."

Systemwide, sales rose 10%, or 2.3% in constant currencies.

McDonald's and U.S. competitors such as Burger King Holdings Inc. and Wendy's/Arby's Group Inc. have been adding products—ranging from thicker burgers to low-priced items—and offering deals to attract a shrinking pool of fast-food customers hit by U.S. unemployment. Meanwhile, some of McDonald's more affluent customers that traded down last year may start returning to more upscale eateries as they feel better about the economy.

McDonald's said it expects to post a fourth-quarter after-tax benefit of $85 million, or eight cents a share, mostly related to the resolution of liabilities connected to a Latin America development license.

Cherie Blair FOUNDATION FOR WOMEN

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CORPORATE NEWS

FedEx boosts earnings outlook

Better-than-expected growth is cited in the global freight business

By Doug Cameron And Lauren Pollock

FedEx Corp. signaled further strengthening in the global freight market as the package shipper boosted earnings guidance by over 10%. The company on Monday cited better-than-expected growth in its U.S. small-package business and from international express markets, notably in Asia and Latin America.

FedEx and its rivals have reported steadily improving conditions after the sharp slump in global air freight traffic that started in September 2009. Deutsche Post AG, which owns the DHL package shipper, last month raised its own earnings guidance.

The optimism was helped in part by the re-emergence of a peak shipping season in export-driven Asian markets. Hong Kong airport, a key trans-shipment hub, recently reported its first year-on-year rise in air-freight shipments for 15 months.

Memphis, Tenn.-based FedEx said it expects to report earnings of $1.10 a share for its fiscal second quarter ended Nov. 30. This compares with a range of 65 cents to 95 cents a share it reaffirmed in mid-September, and the 85-cent-a-share consensus among analysts.

Its quarterly earnings will still be down 30% from a year ago as the drop in volume and fuel surcharges overcame gains from cost-cutting. FedEx shares climbed 3.2% to $90.29 in post-market trading after ending the session down 41 cents on the New York Stock Exchange.

Optimism is fueled, in part, by re-emergence of a peak shipping season in export-driven Asian markets.

The company has become more upbeat in recent months about conditions in its U.S. business.

It said growth in its domestic overnight and international express units had climbed sequentially through the November quarter.

The optimism at FedEx has been shared by rivals, who saw volumes collapse as companies ran down inventory at the end of 2009, providing easier year-on-year comparisons in recent months. Last month, FedEx said it would ship more than 13 million packages on what it expects to be its busiest day of the year, Dec. 14. That would be an 8% rise from its busiest day last year and tracks expected growth in online retailing.

U.S retailers remain cautious heading into Christmas and are maintaining lean inventories. In addition, according to the National Retail Federation, many are offering free shipping—a trend that could help FedEx and rival **United Parcel Service** Inc. The pressure on yields is also starting to abate. Last month, FedEx said it would raise shipping rates for ground and home delivery by 4.9%, matching UPS's increases in its main ground and air rates. FedEx will report results for its fiscal second quarter Dec. 17.

Ad market to stabilize, Madison Avenue forecasts

By Emily Steel

The global advertising market will start to stabilize next year following double-digit declines in 2009, but more-established markets such as the U.S. won't gain steam for some time, according to some of Madison Avenue's most closely watched forecasts.

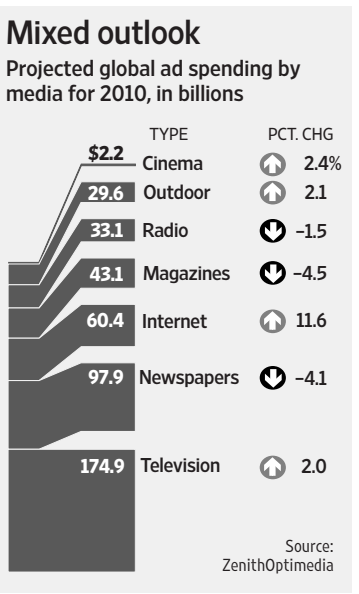
Fallout from the global financial crisis will linger in the U.S. ad market in 2010, the forecasts say. **Interpublic Group** media agency Magna predicts that U.S. ad revenues—the revenue reaped by media companies in selling ad space and time—will grow just 0.2% to $162.7 billion and reach low-single-digit growth rates by 2012. **Publicis Groupe**'s Zenith Optimedia, which tracks ad spending instead, projects that it will shrink 2.6% to $144 billion in the U.S next year.

Magna changed its methodology for ad forecasting this year, adjusting its projections to concentrate on the revenues media companies generate rather than on marketers' ad spending. Magna says it made the change to offer its advertiser clients a purer picture of the media companies they work with. The forecast strips out dollars spent on agency fees, production costs and other fees. It is also adjusted for changes in currencies.

Growth in emerging markets, such as Asia Pacific and Latin America, will offset tepid growth in North America and Western Europe, according to both firms. Magna predicts that global ad revenues will increase 5.9% to $380 billion. Zenith forecasts that ad spending will increase 0.9% to $447.7 billion.

The predictions are closely watched, as industry observers try to gauge the impact of the economic downturn on the media and advertising businesses.

The advertising industry tends to lag behind the economy as a whole, and pain continues to be felt. The WPP ad agency Ogilvy & Mather, for instance, said last week it was laying off 90 employees, or 4% of its North American staff.



"The economic recession is certainly not over for the marketing communications industry," John Seifert, chairman of Ogilvy North America, said in a memo to staff. "We continue to experience delays—and some significant cuts—in client spending across all business sectors. We also face continued pressure on pricing, where client procurement departments are challenging every aspect of our industry's economics."

Forecasts from both Magna and Zenith present a bleak picture of the 2009 ad market. Magna says that U.S. ad revenues will have declined 15% to $162.3 billion in 2009, dragged down by steep cuts in spending in traditional media, such as TV, newspapers and magazines.

Zenith says ad spending will be down 13%, to $148 billion.

The economic downturn has accelerated marketers' shift in ad spending from traditional media, like print and TV, to the Internet. Increasingly, marketers are buying commercial time on TV to create awareness for their product or service, then following up with more targeted messages on the Web and cutting out spending in print and radio, says Brian Wieser, Magna's head of global forecasting.

Talbots to buy back Aeon stake and reduce debt under merger

By Joan E. Solsman

Talbots Inc. plans to shed its Asian majority owner through a merger with a special acquisition vehicle, and the women's apparel retailer also said it swung to a profit in its fiscal third quarter.

Talbots said it will reduce its debt by about $330 million under the merger agreement with **BPW Acquisition** Corp., an acquisition vehicle with $350 million in cash. Talbots intends to buy back the 54% stake that **Aeon** Co. of Japan holds in the retailer.

BPW shares are to be exchanged for $11.25 each in Talbot's stock, a 14% premium to Monday's closing price. The repurchase from Aeon is to be funded by BPW's cash and a new $200 million credit line that Talbots received.

Meanwhile, Talbots projected a fourth-quarter loss from continuing operations of six cents a share to 14 cents a share.

Chief Executive Trudy Sullivan said "the efforts over the past several quarters—particularly in the areas of strengthening our merchandise offering and tightly managing inventory and expense—have created a much stronger, leaner and profitable organization."

Women's apparel sellers have been among the hardest hit in the recession. Ms. Sullivan, hired in 2007, instituted more frequent style changes and new-product introductions at Talbots, but the company cut jobs as the downturn deepened. Talbots also sold the J. Jill brand just three years after it acquired it.

Talbots, based in Hingham, Mass., reported a profit of $14.6 million, or 26 cents a share, for the quarter ended Oct. 31, compared with a loss of $170.8 million, or $3.19 a share, a year earlier. Excluding restructuring and write-downs, adjusted profit from continuing operations was 31 cents a share, compared with a loss of 23 cents a share a year earlier.

Revenue fell 14% to $308.9 million as sales at stores open at least a year declined 16%.

www.bni.co.id

BNI Financial Performance in Q3 – 2009

6.0% Net Interest Margin

▲123% Net Income

1.9% Non Performing Loan Net

(in Billion Rupiah)	September 2008	September 2009	%
Net Interest Income	7,163	8,310	▲ 16%
Non-Interest Income	2,538	3,142	▲ 24%
Net Income	832	1,854	▲ 123%
Total Assets	179,644	203,102	▲ 13%
Loans	106,417	122,116	▲ 15%
Customer Deposits	143,249	163,654	▲ 14%
Net Interest Margin (NIM)	6.2%	6.0%	▼ 3%
Cost to Income Ratio (CIR)	54.5%	49.2%	▼ 9%
Non Performing Loan Net	1.1%	1.9%	▲ 72%

BNI booked Rp 1.85 trillion in net income for the 9-month period up to September 2009, an increase of 123% over those in the corresponding period the previous year. Encouraged by this solid achievement and excellent performance, BNI stands ready to play a greater role in support of growth in the real sector of Indonesia's economy, including the Small and Medium Enterprise (SME) businesses. BNI also continues to deliver higher quality services to customers along the path of its transformation to become a customer-centric bank.

BNI

Serving the Country, the Pride of the Nation

MARKETS

Eight firms get approval for ChiNext

New lineup shows slow progress in filling seats on China's high-risk market, difficulty finding candidates

SHANGHAI—More than a month after ChiNext was launched, China's securities regulator has approved a second batch of companies to list on the start-up board, marking slower-than-expected progress in filling seats in the new high-growth, high-risk market.

The fact that the new lineup of eight companies was thinner than the 28 firms that listed on ChiNext's debut also highlights the difficulties in finding qualified candidates for the market tailored to innovation-driven but cash-strapped small enterprises, analysts said. ChiNext was seen as an avenue to fill a funding void for such companies, which have been bypassed by China's recent lending boom.

ChiNext opened with a roar Oct. 30 on the Shenzhen Stock Exchange, with its initial listings logging gains of as much as 210% on their first trading day. After speculation caused much volatility in ChiNext's first month, the China Securities Regulatory Commission likely took extra care in selecting the next companies, analysts said.

While ChiNext is designed to help technology- and innovation-oriented start-ups raise funds, the first 28 companies were mostly well-established and financially less risky companies, even including some state-controlled enterprises.

"The regulator must have found it difficult to maintain a similar level of supply to the market this time," said Li Bin, an analyst at Guolian Securities.

Associated Press

Chinese investors apply to open their accounts for ChiNext in October.

Li Nian, an analyst at Shenyin Wanguo Securities, said, "I don't think the regulator has adopted stricter criteria since then. It's simply that the best companies have already been selected, and the regulator doesn't want to lower the standards just to curb speculation."

Indeed, many of the first 28 companies were among the hundreds of applicants originally seeking a listing on the Shenzhen exchange's Small and Medium Enterprise board, which shares the same and stricter listing criteria as the main board.

When the eight new ChiNext candidates kick off their initial public offering subscriptions next week, it will have been more than two and a half months since the first batch of firms did so. Compared with the speed of IPO approval on the SME board—typically around 20 days for eight companies—approval for the eight ChiNext applicants was slow.

While the CSRC rejected two of the 31 applicants for the first batch of ChiNext listings, it turned down six out of the 14 this time. It was unclear why one of the 29 companies with the approval to list among the first batch, a small public-relations agency, failed to make it.

Some analysts also attributed the slower approval process to the regulator wanting to take some time to monitor the volatile new board's initial performance.

On their collective debut, the 28 companies garnered such robust gains that they each had to undergo a temporary trading suspension during the session; almost of all of them suffered heavy profit-taking shortly afterward, which also prompted trading halts. ChiNext's total market capitalization is 153.5 billion yuan ($22.48 billion) now, according to the Shenzhen exchange, more than double the 28 stocks' total capitalization of 69 billion yuan based on their IPO prices.

The CSRC now faces a dilemma: While the only way to crack down on speculation is offering investors more shares to trade, the limited choices of qualified ChiNext candidates means its hands are tied.

The eight companies that issued IPO prospectuses Tuesday are **Guangzhou Improve Medical Instruments** Co., **Wuxi Boton Belt** Co., **Hexin Flush Information Network** Co., **Beijing SuperMap Software** Co., **Beijing Cisri-Gaona Materials & Technology** Co., **Jiangsu Huasheng Tianlong Photoelectric** Co., **Jinlong Machinery & Electronic** Co. and **Hunan Zhongke Electric** Co. Of the eight, Beijing Cisri-Gaona is a state-owned company, while government entities own minority stakes in several of the others.

Based on statements filed to the Shenzhen Stock Exchange, the eight companies will start subscriptions Dec. 16 for their IPOs, aiming to raise a combined 1.6 billion yuan.

It wasn't clear when the eight new companies would start trading on ChiNext.

—Wynne Wang and Rose Yu

Up next

Companies approved to list on ChiNext in the next round

- Guangzhou Improve Medical Instruments
- Wuxi Boton Belt
- Hexin Flush Information Network
- Beijing SuperMap Software
- Beijing Cisri-Gaona Materials & Technology
- Jiangsu Huasheng Tianlong Photoelectric
- Jinlong Machinery & Electronic
- Hunan Zhongke Electric

Source: ChiNext

Citi, Wells Fargo push Treasury for TARP exit

By David Enrich

Citigroup Inc. and **Wells Fargo** & Co. are wrestling with the U.S. government over how much capital the banks will be required to raise to exit from the Troubled Asset Relief Program, according to people familiar with the situation.

The disagreements follow last week's announcement by the Treasury Department that **Bank of America** Corp. won approval to repay its $45 billion in federal aid. As part of its exit strategy, the Charlotte, N.C., bank then sold $19.29 billion in stock.

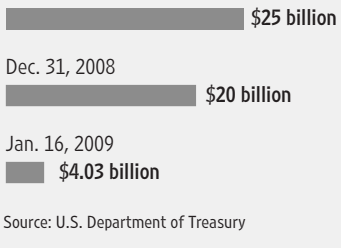
Officials at Citigroup and Wells Fargo have prodded U.S. officials to let them proceed under similar terms, people familiar with the matter said. But officials with the Federal Reserve and the Treasury have told the two banks that they will have to raise more capital relative to what they are seeking to repay than Bank of America did.

Citigroup is looking to redeem $20 billion in preferred stock, while Wells Fargo got $25 billion from TARP. Citigroup executives have been told they need to raise $20 billion in common stock to leave TARP, these people said. Wells Fargo was told it would have to drum up billions of dollars in new capital.

With Citigroup's stock-market value of less than $100 billion, bank executives are worried about diluting shareholders by more than 20% if it issued $20 billion in new shares. "That's a pretty tough pill to swallow," said a person familiar with the New York company's discussions with the government.

Three lifelines

The Treasury Department's investments in Citigroup:



Source: U.S. Department of Treasury

Disagreements over capital-raising mean Citigroup is unlikely to repay its TARP investment in the foreseeable future, according to people familiar with the matter.

Wells Fargo, based in San Francisco, has expressed frustration with TARP ever since the program was launched last year. Bank executives have said they accepted the money only because they were forced to, though the aid has helped Wells Fargo absorb losses following its takeover of Wachovia Corp.

A Wells Fargo spokeswoman declined to comment, and a Citigroup spokesman declined to comment.

Citigroup and Wells Fargo executives are worried they could be at a competitive disadvantage if they don't quickly follow Bank of America out the TARP door. TARP recipients face pay restrictions that come with the taxpayer-funded aid. Citigroup also has foregone some non-U.S. investment opportunities, wary of being castigated for spending U.S. taxpayer dollars outside its home country.

All Brokers Are *Not* Created Equal

US Commission Rates Comparison

	100 Shares	1 Stock Option	1 E-mini S&P 500 Future
E-Trade	$7.99 [1]	$8.74 [1] Plus regulatory fees	$2.99 Plus exchange fees
Fidelity	$8.00 [2]	$8.75 [2]	N/A
Interactive Brokers*	$1.00 [3]	$1.00 [3]	$2.40 [3]
optionsXpress	$9.95 [4]	$12.95 [5]	$6.99 [6]
Schwab	$8.95 [7]	$9.70	N/A
TD Ameritrade	$9.99	$10.74	N/A
thinkorswim	$5.00	$2.95	$3.50

Commission Comparison as of November 2, 2009. Services vary by firm. Data is for U.S. equities, stock options and futures.

***Lower commission rates for larger volumes and comparable rates worldwide.**

US Margin Loan Rates Comparison

	$25K	$200K	$1.5M
E-Trade	7.49%	5.99%	3.74%
Fidelity	7.575%	6.575%	3.750%
Interactive Brokers	1.61%	1.11%	0.61%
optionsXpress	6.25%	5.00%	4.00%
Schwab	8.00%	6.875%	6.25%
TD Ameritrade	8.50%	7.25%	6.25%
thinkorswim	7.70%	7.70%**	7.70%**

Margin Rate Comparison as of November 2, 2009. Services vary by firm. **Negotiable

Superior price execution[8], lowest commissions[9], IB has direct access to 80 markets worldwide and financial strength for individual and institutional traders.

Interactive Brokers
The Professional's Gateway to the World's Markets

www.interactivebrokers.com
Tel. (852) 2156 7907

Interactive Brokers LLC is registered with HKSFC. Member NYSE, FINRA, SIPC. — Supporting documentation for any claims and statistical information will be provided upon request. [1] E-Trade - 150-1,499 trades per quarter. [2] Fidelity Gold Account - $1 million or more in assets or $25,000 in assets and 120 trades per year. [3] IB - Accounts generating commissions less than $10 per month (with account equity of $2,000 or more) will be assessed the difference as a monthly activity fee. [4] optionsXpress - minimum 9 stock trades per quarter. [5] optionsXpress - minimum 35 option trades per quarter. [6] optionsXpress - eMini – between 1 - 40 contracts per month. [7] Schwab - 120 trades+ per year or more than $1 million in household balance. [8] Source: The Transaction Auditing Group Inc. (TAG) a third party provider of transaction audit services. For US stocks (53 cents per 100 shares better), the analysis included all market orders of 100 shares or more, up to 10,000 shares from January - June 2009. The analysis for US options (22 cents per contract better) included all market orders with order sizes of 1 to 50 contracts from January - June 2009. [9] Commission survey of IB competitors as of November 2, 2009.
10IB09-237

MARKETS

Keeping the shroud on 'dark pools'

Daniel Mathisson says greater disclosure would be like 'forcing investors to play poker with their cards face up'

By Randall Smith

At a stock-traders conference in Miami last year, **Credit Suisse Group** AG executive Daniel Mathisson compared the end of the New York Stock Exchange's traditional specialist system with the fall of "communist dictators" in Eastern Europe.

These days, the 39-year-old Mr. Mathisson is aiming his sharp tongue at lawmakers, regulators and rivals pushing for greater disclosure of trading in "dark pools." Such pools help investors remain anonymous by making trades without displaying "buy" or "sell" data to the public. The U.S. Securities and Exchange Commission has proposed shining more light on dark pools with new rules as soon as next year.

Mr. Mathisson and his colleagues at Credit Suisse run the biggest dark pool on Wall Street, handling an average of 177.8 million shares a day, according to Rosenblatt Securities Inc. Unlike many financial-industry executives to face scrutiny recently over how banks and securities firms make their money, though, he isn't trying to fade into the background until the storm blows over.

At a Senate banking subcommittee hearing in October, Mr. Mathisson said controversy over dark pools "is misguided and fueled by a desire by exchanges to avoid healthy competition." Additional disclosure requirements for dark pools would be like "forcing investors to play poker with their cards face up," he added.

Mr. Mathisson already had an unusually high profile in the world of institutional traders, who often prize and protect their anonymity. He writes a column in Traders magazine; his September piece mockingly concluded "trading profitably is a morally questionable enterprise that is damaging to society."

But his emergence as a defender of dark pools is putting Mr. Mathisson on the map in Washington. That is risky given the political explosions that have turned employees in once-obscure corners of Wall Street such as American International Group Inc.'s financial-products unit into public figures essentially overnight.

"When we think proposed rules are bad for the markets, it's absolutely our responsibility to voice our opinion and try to get them changed," he said.

Dark pools handle about 9.2% of U.S. stock trading. The percentage is rising as sophisticated investors seek lower trading costs and aim to hide big orders from the market to prevent front-running, or trading ahead of big market-moving orders.

'Hiding your footprint'

"To trade without these tools is like bringing a knife to a gunfight," said Mike Hoover, head trader at **American Century Investments**. The Kansas City, Mo., asset manager uses high-speed trading strategies from Credit Suisse and other firms for 80% of American Century's U.S. stock orders. "It's all about hiding your footprint," he said.

Such computerized systems have reduced the role of "block desks" at big firms, which help institutional investors complete big trades by making phone calls to other big investors and traders and committing capital to participate in the trades. High-speed computerized trading can slice up such big orders automatically, reducing the risk of undue market impact.

Sen. Charles Schumer (D, N.Y.), an ally of **NYSE Euronext**'s New York Stock Exchange, which has lost business to dark pools, has said he is "concerned that a large and growing portion of market activity takes place in dark or semidark spaces."

In proposing the pending rules, the SEC said more growth by dark pools "could create a two-tiered market that deprives the public of information about stock prices and liquidity."

The scrutiny has helped the NYSE and **Nasdaq OMX Group** Inc.'s Nasdaq Stock Market recover some market share in trading, according to Richard Repetto, an analyst who follows exchanges at Sandler O'Neill & Partners LP.

Credit Suisse's dark pool, called Crossfinder, operates as an adjunct to the firm's high-speed trade-execution service for institutional clients. That service, known as Advanced Execution Services and led by Mr. Mathisson, "chops up" big orders to buy or sell hundreds of thousands of shares by computer algorithm, Mr. Mathisson said. AES accounts for an estimated one-half of the firm's stock-trading revenue.

The need for speed

Such pools execute trades for Credit Suisse clients without sending them to exchanges or other trading systems, a process once known as internalization. The Credit Suisse dark pool this year passed a **Goldman Sachs Group** Inc. dark pool called Sigma X to grab the top market share. "They probably have the fastest dark pool out there," said Justin Schack, an analyst at Rosenblatt Securities.

Rival dark pools say boosting the size of Crossfinder's market share could expose the system to greater potential abuse by predatory traders who aim to profit by leapfrogging ahead of orders.

Credit Suisse hired Mr. Mathisson in 2000 from D.E. Shaw & Co., where he ran the firm's computerized stock trading. He launched AES in 2001 and Crossfinder in 2004. His team includes AES sales chief Manny Santayana, a Credit Suisse veteran who once worked at International Business Machines Corp.

Crossfinder is led by Dmitri Galinov, an alumnus of Direct Edge, a trading venue known for flash orders, which allow a small circle of market participants to briefly preview orders.

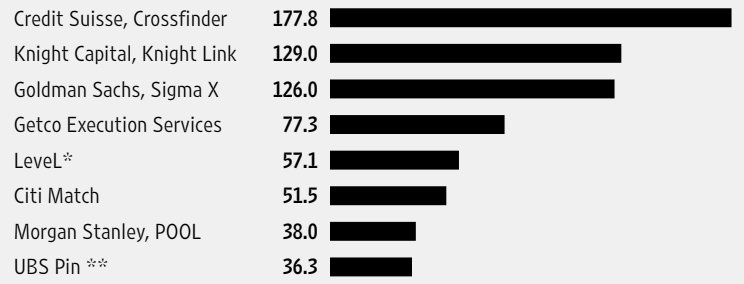
AES uses trading strategies with names that evoke cat-and-mouse tactics to disguise big "buy" or "sell" orders to evade detection by other computer programs monitoring trading patterns. "Sniper," for example, will hit bids or offers that are at or better than a client's limit price, but never makes bids or offers itself, according to Credit Suisse.

Mr. Mathisson said at the Senate hearing that such systems are built to "trade without revealing sensitive trading intentions to short-term traders."

While Credit Suisse's proprietary traders sometimes take the other side of Crossfinder orders, one customer said that occurs on just 2% of his trades. Credit Suisse has offered customers an audit by PricewaterhouseCoopers certifying that it has "Chinese walls" to prevent information about trades from leaking.

Dark pools

Average daily volume in October 2009 (millions of shares):



* Joint venture of Citigroup, Credit Suisse Group, Fidelity Investments, Lehman Bothers, and Bank of America
** Rosenblatt estimate
Source: Rosenblatt Securities Inc.

Morgan Stanley shuffles leadership

By Aaron Lucchetti

Morgan Stanley announced high-level management changes that include putting finance chief Colm Kelleher and veteran banker Paul Taubman in charge of the company's largest division.

The shuffle has been planned in recent weeks by James Gorman, who will take over as Morgan Stanley's chief executive officer on Jan. 1.

The changes show that Mr. Gorman, now co-president of the New York company, is comfortable keeping some of the key players elevated by departing CEO John Mack, who will remain chairman.

Colm Kelleher

Messrs. Kelleher and Taubman will run Morgan Stanley's institutional securities unit, which includes sales, trading and investment banking and is a profit engine for the financial-services firm. In the third quarter, the unit generated about $5 billion of Morgan Stanley's net revenue of $8.7 billion.

Mr. Kelleher will oversee the sales and trading end, with Mr. Taubman focusing on investment banking. Both will jointly oversee the capital-markets operations.

Still, parts of the business have sputtered recently, forcing Morgan Stanley to hire about 400 people. Most of the traders and sales employees are being brought into areas such as stocks, currencies, interest rates and derivatives.

Mr. Mack spearheaded those moves, but Messrs. Kelleher and Gorman also participated in them as co-heads of strategy at Morgan Stanley. Many of the trading problems followed the sharp cutbacks in risk and personnel after the 2008 crisis, which nearly forced Morgan Stanley into the arms of a commercial bank.

Paul Taubman

The crisis pushed Morgan Stanley to cut trading and staffing in straightforward products that were in high demand after the credit crisis made complex products difficult to value.

Such products also became more profitable to trade for rivals such as **Goldman Sachs Group** Inc. because of the reduced competition.

As part of the personnel moves, Mr. Kelleher will be succeeded as chief financial officer by Ruth Porat, who had been head of Morgan's financial-institutions group. Chief Administrative Officer Thomas Nides will also be chief operating officer.

Mr. Kelleher worked closely with Mr. Mack to sell off risky assets and manage Morgan Stanley's dwindling cash when clients were fleeing last autumn.

Mr. Taubman has helped the firm's merger-advisory business return to the top ranks after the firm slipped in some categories.

The two men are likely to take over duties that had been handled by Morgan Stanley Co-President Walid Chammah, who is taking a previously announced job advising international clients from London.

Mr. Gorman's background is in selling stocks and bonds to individual investors. That business is less profitable than the bond business in which Mr. Mack specialized, but also less risky.

Legal Notices

BANKRUPTCIES

IN THE UNITED STATES BANKRUPTCY COURT FOR THE DISTRICT OF DELAWARE

In re Nortel Networks Inc., *et al.*,[1] Debtors.) Chapter 11 • Case No. 09-10138 (KG)) Jointly Administered

NOTICE OF DEADLINE FOR THE FILING OF PROOFS OF CLAIM AGAINST NORTEL NETWORKS (CALA) INC.

(GENERAL NN CALA BAR DATE IS JANUARY 25, 2010)

ALL CREDITORS AND PARTIES IN INTEREST PLEASE TAKE NOTICE THAT:

On December 2, 2009, the United States Bankruptcy Court for the District of Delaware (the "Court") entered an Order [Docket No. 2059] (the "Bar Date Order") establishing **4:00 p.m. (prevailing Eastern Time) on January 25, 2010** (the "General NN CALA Bar Date") as the last date for filing proofs of claim against Nortel Networks (CALA) Inc. ("NN CALA").[2]

Pursuant to the Bar Date Order, all persons and entities (including individuals, partnerships, corporations, joint ventures, and trusts) except for those holders of claims listed in paragraph 6 of the Bar Date Order that are specifically excluded from the General NN CALA Bar Date requirements, who have a claim or potential claim against NN CALA that arose on or prior to July 14, 2009, no matter how remote or contingent such right to payment or equitable remedy may be, MUST FILE A PROOF OF CLAIM so as to be actually received at the following address **on or before 4:00 p.m. (prevailing Eastern Time) on January 25, 2010**: **IF DELIVERED BY MAIL:** Nortel Networks Inc. Claims Processing Center, c/o Epiq Bankruptcy Solutions, LLC, FDR Station, P.O. Box 5075, New York, NY 10150-5075; **IF DELIVERED BY HAND DELIVERY OR OVERNIGHT COURIER:** Nortel Networks Inc. Claims Processing Center, c/o Epiq Bankruptcy Solutions, LLC, 757 Third Avenue, 3rd Floor, New York, NY 10017.

Proofs of claim will be deemed filed only when received by Epiq Bankruptcy Solutions, LLC (the "Claims Agent") at the addresses listed herein on or before 4:00 p.m. (prevailing Eastern Time) on the General NN CALA Bar Date. Proofs of claim may not be delivered by facsimile, telecopy or electronic mail transmission.

Your filed proof of claim form must conform substantially to Official Form No. 10. Proof of claim forms may be obtained at http://chapter11.epiqsystems.com/nortel and at www.uscourts.gov/bkforms. Any holder of a claim pursuant to Section 503(b)(9) must complete the proof of claim entitled "Section 503(b)(9) Claim Request Form," available at http://chapter11.epiqsystems.com/nortel.

NOTE: These procedures apply ONLY to NN CALA. A separate general bar date of September 30, 2009 has been established in these chapter 11 cases for Debtors other than NN CALA. Additionally, several of Nortel Networks Inc.'s affiliates are subject to creditor protection proceedings in other jurisdictions, including Canada. Separate procedures and deadlines have been or will be established in these other jurisdictions for the filing of claims. With respect to the Canadian proceedings, a general bar date of September 30, 2009 at 4:00 p.m. (prevailing Eastern time) has been established by the Canadian Court. If you believe you have claims against Nortel Networks Corporation, Nortel Networks Limited, Nortel Networks Global Corporation, Nortel Networks International Corporation or Nortel Networks Technology Corporation (the "Canadian Debtors"), any such claims shall be filed in, and only in, the Canadian proceedings with the court-appointed Monitor. Procedures for filing such claims can be found by going to the following internet link: www.ey.com/ca/nortel.

ANY PERSON OR ENTITY (EXCEPT A PERSON OR ENTITY WHO IS EXCUSED BY THE TERMS OF THE BAR DATE ORDER) WHO FAILS TO FILE A PROOF OF CLAIM ON OR BEFORE THE BAR DATE SHALL BE FOREVER BARRED AND ESTOPPED FROM (1) ASSERTING SUCH CLAIM AGAINST NN CALA AND ITS CHAPTER 11 ESTATE AND (2) VOTING UPON, OR RECEIVING DISTRIBUTIONS UNDER, ANY PLAN OR PLANS OF REORGANIZATION OR LIQUIDATION IN ITS CHAPTER 11 CASE IN RESPECT OF SUCH CLAIM.

A copy of the Bar Date Order, a proof of claim form, and NN CALA's Schedules of Assets and Liabilities and Schedules of Executory Contracts and Unexpired Leases may be obtained by written request to the Claims Agent at the following address and telephone number: Nortel Networks Inc. Claims Processing Center, c/o Epiq Bankruptcy Solutions, LLC, 757 Third Avenue, 3rd Floor, New York, NY 10017, (646) 282-2500. These documents also are available at http://chapter11.epiqsystems.com/nortel.

BY ORDER OF THE HONORABLE KEVIN GROSS
UNITED STATES BANKRUPTCY JUDGE
Dated: Wilmington, Delaware, December 2, 2009

CLEARY GOTTLIEB STEEN & HAMILTON LLP, James L. Bromley, Lisa M. Schweitzer, One Liberty Plaza, New York, New York 10006	MORRIS, NICHOLS, ARSHT & TUNNELL LLP, Derek C. Abbott (No. 3376), Eric D. Schwartz (No. 3134), Ann C. Cordo (No. 4817), Andrew R. Remming (No. 5120), 1201 North Market Street, P.O. Box 1347, Wilmington, Delaware 19801

Counsel for the Debtors and Debtors in Possession

[1] The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's tax identification number, are: Nortel Networks Inc. (6332), Nortel Networks Capital Corporation (9620), Nortel Altsystems Inc. (9769), Nortel Altsystems International Inc. (5596), Xros, Inc. (4181), Sonoma Systems (2073), Qtera Corporation (0251), CoreTek, Inc. (5722), Nortel Networks Applications Management Solutions Inc. (2846), Nortel Networks Optical Components Inc. (3545), Nortel Networks HPOCS Inc. (3546), Architel Systems (U.S.) Corporation (3826), Nortel Networks International Inc. (0358), Northern Telecom International Inc. (6286) and Nortel Networks Cable Solutions Inc. (0567) and Nortel Networks (CALA) Inc. Addresses for the Debtors can be found in the Debtors' petitions, which are available at http://chapter11.epiqsystems.com/nortel.

[2] F/k/a NN CALA, Nortel CALA Inc., Northern Telecom (CALA) Corporation, Nortel Networks, Nortel (Case No. 09-12515, E.I.N. 59-1664226).

Looking back on 10 years, 316,657 transactions

[The Game]

By Dennis K. Berman

It is like walking through the tombstones on a battlefield.

All that hope left in ruins. **Sprint-Nextel**. **Boston Scientific**-Guidant. Wachovia-Golden West. **Credit Suisse**-DLJ. **Alcatel-Lucent**.

These are just a few of the biggest corporate mergers of the past 10 years, a decade of deal making without peer in world history. Since Jan. 1, 2000, companies have inked 316,657 M&A transactions across the globe, roughly 87 a day. They were valued at a combined $25.2 trillion, according to research firm Dealogic—nearly half the world's annual gross domestic product.

Deal making has largely gone on hiatus since Lehman Brothers Holdings Inc.'s bankruptcy last fall. But it is poised to return in full during 2010, as economically battered companies look to cut costs via mergers.

Chief executives and shareholders preparing for the new decade would do well to look at the deals of the past 10 years. I have spent the past week doing just that, trying to determine what big public-company deal is the decade's most successful. The deciding factor: deals that actually fulfill their original strategic goals while returning value to shareholders. (Read a full list at blogs.wsj.com/deals)

It is shocking to realize just how few of them lived up to expectations. It wasn't just the disastrous AOL-**Time Warner** combination, which has held the crown of ignominy since January 2000. Of the 25 largest corporate mergers, just nine companies had stock prices higher than on the date of their big deal announcements.

That is a crude measure when considering the 2008 stock-market panic and all the other vagaries that go into share price. Nor can one discount that many companies would have been worse off not doing a deal, even if they're not in a good place today.

Yet it is hard to avoid the failure that permeates the decade.

Overextended **Bank of America** has four transactions among the top 100. Private-equity buyers hold 15 spots on the list, and nine of their deals now are in some form of financial distress. Don't forget Tyco Ltd., **JDS Uniphase**, **HSBC Holdings** PLC, **Verisign** Inc., **Viacom** Inc. and **Sears Roebuck** & Co., all of which made overpriced or disastrous acquisitions in what came to be known as the Decade of the Deal. Over a 28-year-period, megamergers—the largest 1% of all transactions—destroyed on average 3% of the short-term stock returns of acquirers, according to a new study from a trio of researchers.

"Not all megamergers are bad," said University of Colorado's Matthias Kahl, who completed the study with Dinara Bayazitova and Rossen Valkanov. "Some are good. But most are bad."

In comparison, deals of smaller public companies generally create about 1.5% of value, the study found. So which deal stands out?

I have put the Deals of the Decade into three categories.

The right timing

At the start of the decade, oil was trading around $27 a barrel, and the oil patch was still reeling from the previous $80 billion megamerger between **Exxon** Corp. and Mobil Corp. in 1998. As stock markets began to wobble in 2000, **Chevron** Corp. announced its own oil megadeal, spending nearly $39 billion to buy Texaco.

The deal helped Chevron lock in oil supply as prices moved ever higher over the remainder of the decade. Today Chevron stock is about 50% higher than where its stock traded after the new company was formed. Its market capitalization is three times the size. Most people on Wall Street forget about the Chevron-Texaco transaction, but that is only a sign of its quiet, efficient success.

Big, bigger, biggest

Ten largest mergers and acquisitions of the decade

Announced	Target	Acquirer	Value (excl. debt)
April 25, '07	**ABN Amro Holding** (Bid No. 2)	**RBS, Fortis Bank, Banco Santander**	**$95.65 billion**
Jan. 10, '00	**Time Warner**	**America Online**	**94.30**
March 6, '06	**BellSouth**	**AT&T**	**85.16**
Jan. 17, '00	**SmithKline Beecham**	**Glaxo Wellcome**	**77.22**
Jan. 26, '09	**Wyeth**	**Pfizer**	**68.38**
Jan. 26, '04	**Aventis**	**Sanofi-Synthelabo**	**66.95**
Feb. 18, '05	**UFJ Holdings** (Bid No. 2)	**Mitsubishi Tokyo Financial Group**	**62.93**
Jan. 28, '05	**Gillette**	**Procter & Gamble**	**58.35**
July 15, '02	**Pharmacia**	**Pfizer**	**57.82**
Jan. 14, '04	**Bank One**	**J.P. Morgan Chase**	**56.88**

Source: Dealogic

The right leaders

In a decade of would-be emperors, only two true empire-builders emerged: **AT&T** Corp.'s Edward Whitacre and **J.P. Morgan Chase** & Co.'s James Dimon.

Mr. Whitacre, who had run SBC Communications Inc. and now is chairman at **General Motors** Corp., was the most prolific. He spent $140 billion reuniting much of the old Ma Bell into a communications company built around the wireless operations of SBC and BellSouth Corp.

Scale matters—and investors appreciate it. Over the last five years, AT&T shares are up 10%, while chief rival **Verizon Communications** Inc. has slid 20%. Mr. Dimon helped assemble what became the pre-eminent U.S. bank. While **Citigroup** Inc. is in the process of breaking up its financial supermarket, Mr. Dimon has done just the opposite—and to positive effect. What began with William Harrison's September 2000 transaction between Chase and J.P. Morgan expanded in the 2004 acquisition of Bank One Corp., which brought Mr. Dimon to the company. Since then, he has gobbled up Bear Stearns Cos. and Washington Mutual. Investors are willing to pay $34 for every dollar of J.P. Morgan earnings. Citigroup barely has earnings.

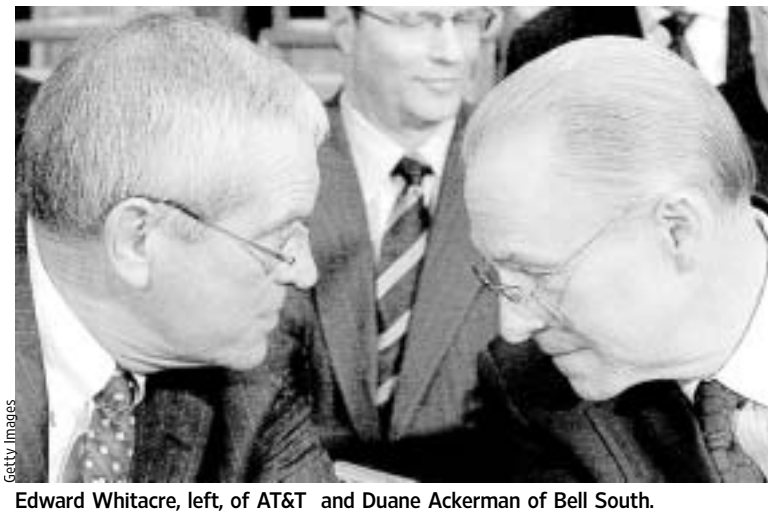
The right luck

Most observers might say it is too early to declare **Barclays** PLC's purchase of Lehman a Deal of the Decade. But even if the combination stumbles, it is hard to beat the price. In the chaos of last year, Barclays paid just $1.75 billion for the name, employees, technology and building of what was one of the world's top investment banks. The liabilities were shed in bankruptcy court.

The price pales in comparison to one of the decade's failed transactions: Credit Suisse's $12.4 billion acquisition of Donaldson, Lufkin & Jenrette Inc. The Lehman purchase is helping in Barclays's earnings, where investment-banking income rose 32% last quarter. If handled well, Barclays could become an earnings machine, driven by Lehman's long-standing role in debt markets.

Of course, most deals are far more expensive, difficult propositions. That doesn't seem to scare off certain CEOs. Especially Brian Roberts, the **Comcast** CEO who just inked a $13.8 billion deal to take control of NBC Universal. His transaction ended the decade much as it began, with two media companies combining to form the "perfect fit" of "multiplatform" delivery.

Hope lives. "With this transaction, our company is strategically complete," Mr. Roberts said last week.



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Edward Whitacre, left, of AT&T and Duane Ackerman of Bell South.

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Greece warning, Fed aid Treasurys

By Min Zeng

The Treasury market continued to rally Tuesday after the Federal Reserve signaled on Monday that its interest rates likely would remain near zero for a while longer.

The Treasury market also garnered flight-to-safety demand over worries about the fiscal outlook in Greece. Fitch Ratings Inc. cut Greece's credit rating to triple-B-plus from single-A-minus Tuesday, highlighting "concerns over the medium-term outlook for public finances given the weak credibility of fiscal institutions and the policy framework in Greece."

U.S. CREDIT MARKETS

The news on Greece pushed down European and U.S. stocks and spurred flows into low-risk government debt in Germany, the U.K. and the U.S. "Flight to quality came in play," said Michael Franzese, managing director and executive vice president of bond trading at Wunderlich Securities.

The moves came ahead of a $40 billion, three-year-note auction set for early afternoon, the first leg of this week's $74 billion government note and bond sales.

The two-year Treasury note was up 3/32 to 100 1/32 to yield 0.734%, and the 10-year note was up 19/32 to 99 31/32 to yield 3.379%.

Japanese 10-year yield declines

By Tomoyuki Tachikawa

TOKYO—The yield on 10-year Japanese government bonds slipped Tuesday as a stronger yen rekindled concerns about the country's export-driven economy, driving Tokyo shares down and prompting moves into haven assets.

BOND MARKETS

But demand was weak at the auction of 30-year government bonds, as domestic institutional investors were reluctant to dabble in super long-term debt as worries grew about the nation's worsening fiscal situation.

The finance ministry sold 550.5 billion yen ($6.15 billion) of the 2.2% bonds at the lowest price of 99.50 yen, which missed traders' expectations of 99.80 yen.

The tender result came after Finance Minister Hirohisa Fujii said Tokyo plans to sell about 9.3 trillion yen in additional new debt during the fiscal year ending in March because of a sharp drop in tax revenue as the economy slumps.

The 10-year government-bond yield was down 0.01 percentage point at 1.270%.

Dubai stocks tumble amid new confusion

By Nikhil Lohade

DUBAI—Dubai stocks plunged again Tuesday, wiping out the year's gains on continued uncertainty about **Dubai World**'s repayment plans for $26 billion of debt.

The Dubai Financial Market's benchmark index shed 6.1% to close at 1638.05. It has lost 22% since Nov. 30, or $8.4 billion in market value.

"Dubai's statement that DW may take more than six months to restructure added to the confusion in the market, further denting investor confidence," said Vyas Jayabhanu, head of Abu Dhabi-based Al Dhafra Financial Broker.

Dubai's government added to the confusion when a senior official said nine billion U.A.E. dirhams ($2.45 billion) had been pumped into Dubai World from an emergency support fund. A spokesperson for the Finance Department later clarified that "the nine billion dirhams was provided to Dubai World as part of the first tranche of the government bond program earlier this year."

Meanwhile, after the market closed, Moody's Investors Service further downgraded its credit ratings on six Dubai government-controlled companies, citing a lack of government support over their debt obligations.

Dubai World is seeking to restructure about $26 billion of debt, including a $3.5 billion Islamic bond from property unit Nakheel that is due on Dec 14.

"Foreign investors are cutting their exposure to Dubai stocks and a sharp fall in the last few sessions may have also triggered some margin calls, especially for retail investors," a Dubai-based trader said.

Among stocks, property giant **Emaar Properties** PJSC fell 9.8%, adding to Monday's 10% slide. **Emirates NBD** PJSC, the region's largest bank by assets, shed 4.8%.

Moody's downgraded its issuer ratings for DP World, Dubai Electricity & Water Authority, Jebel Ali Free Zone, Dubai Holding Commercial Operations Group, Emaar Properties and DIFC Investments. All remain on review for further downgrade, the agency said.

A collapse in real-estate prices in Dubai is seen at the heart of the emirate's economic problems.

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Leading 10 Performers

FUND RATING*	FUND NAME	FUND MGM'T CO.	CURR.	LEGAL BASE	% Return in $US** YTD	1-YR	2-YR	5-YR
NS	**Sextant Peak Oil A**	Amiral Gestion	EUR	France	**76.30**	104.20	NS	NS
NS	**Earth Energy UI**	Universal-Investment GmbH	EUR	Germany	**70.97**	102.15	-15.83	NS
2	**ODIN Offshore**	ODIN Forvaltning AS	NOK	Norway	**78.44**	101.63	-20.18	16.97
NS	**Awake Global Energy**	Västra Hamnen Fonder AB	SEK	Sweden	**77.92**	100.97	-15.99	NS
3	**Schroder ISF Global Energy A**	Schroder Investment Mgmt (Luxembourg)	USD	Luxembrg	**69.13**	92.77	-11.77	11.85
4	**Fortis L Equity Energy Europe Acc**	Fortis Investments (BE)	EUR	Luxembrg	**58.10**	88.46	-11.63	11.20
NS	**Guinness Global Energy A**	Guinness Asset Management Limited	USD	Ireland	**54.48**	81.88	NS	NS
NS	**Franklin Natural Resources A Acc $**	Franklin Templeton Investment Funds	USD	Luxembrg	**53.02**	81.43	-12.28	NS
NS	**Sigma Energy**	Sigma Fondsforvaltning AS	NOK	Norway	**52.33**	78.45	-19.96	NS
4	**Investec Global Energy A Acc Net GBP**	Investec Fund Mgrs (UK) Ltd	GBP	United Kingdom	**47.86**	75.71	-9.11	14.00

NOTE: Changes in currency rates will affect performance and rankings.
KEY: ** 2YR and 5YR performance is annualized
NA-not available due to incomplete data;
NS-fund not in existence for entire period

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FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	—%RETURN— YTD	12-MO	2-YR
AHW Top-Div.Int.	GL	EQ	LUX	12/08	EUR	54.40	20.7	22.6	-29.2

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FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	—%RETURN— YTD	12-MO	2-YR
Am Eq Blend A	OT	OT	LUX	12/07	USD	10.22	24.5	28.6	-17.0
Am Eq Blend B	US	EQ	LUX	12/07	USD	9.61	23.4	27.5	-17.8
Am Growth A	US	EQ	LUX	12/07	USD	30.20	31.9	47.3	-8.8
Am Growth AX	US	EQ	LUX	12/07	USD	32.58	32.5	48.1	-8.3
Am Growth B	US	EQ	LUX	12/07	USD	25.41	30.6	45.8	-9.7
Am Growth C	US	EQ	LUX	12/07	USD	27.33	31.3	46.6	-9.2
Am Growth I	US	EQ	LUX	12/07	USD	33.45	32.8	48.5	-8.1
Am Income A	US	BD	LUX	12/07	USD	8.42	24.3	32.4	5.3
Am Income A2	US	BD	LUX	12/07	USD	18.94	24.4	32.4	5.3
Am Income A2	OT	OT	NA	12/07	HKD	146.79	NS	NS	NS
Am Income AT	OT	OT	NA	12/07	HKD	65.18	NS	NS	NS
Am Income AT	US	BD	LUX	12/07	USD	8.41	24.5	32.4	5.3
Am Income B	US	BD	LUX	12/07	USD	8.42	23.4	31.3	4.5
Am Income B2	US	BD	LUX	12/07	USD	16.33	23.6	31.4	4.5
Am Income B2	OT	OT	NA	12/07	HKD	126.56	NS	NS	NS
Am Income BT	OT	OT	NA	12/07	HKD	65.49	NS	NS	NS
Am Income BT	US	BD	LUX	12/07	USD	8.45	23.6	31.4	4.5
Am Income C	US	BD	LUX	12/07	USD	8.42	23.7	31.7	4.8
Am Income C2	US	BD	LUX	12/07	USD	24.28	23.9	31.7	4.8
Am Income I	US	BD	LUX	12/07	USD	8.42	25.0	33.2	6.0
Am Value A	US	EQ	LUX	12/07	USD	8.49	17.8	29.6	-15.6
Am Value B	US	EQ	LUX	12/07	USD	7.81	16.4	28.0	-16.5
Am Value C	US	EQ	LUX	12/07	USD	8.49	17.1	28.8	-16.0
Am Value I	US	EQ	LUX	12/07	USD	9.13	18.6	30.6	-14.9
Emg Mkts Debt A	GL	BD	LUX	12/07	USD	15.58	43.7	55.5	7.5
Emg Mkts Debt A2	GL	BD	LUX	12/07	USD	20.05	44.0	55.7	7.6
Emg Mkts Debt AT	GL	BD	LUX	12/07	USD	15.63	44.0	55.6	7.5
Emg Mkts Debt B	GL	BD	LUX	12/07	USD	15.58	42.4	54.1	6.5
Emg Mkts Debt B2	GL	BD	LUX	12/07	USD	19.32	42.7	54.1	6.5
Emg Mkts Debt BT	GL	BD	LUX	12/07	USD	15.62	42.7	54.0	6.5
Emg Mkts Debt C	GL	BD	LUX	12/07	USD	15.58	43.1	54.9	7.0
Emg Mkts Debt C2	GL	BD	LUX	12/07	USD	19.70	43.4	54.9	7.0
Emg Mkts Debt I	GL	BD	LUX	12/07	USD	15.58	44.3	56.3	8.1
Emg Mkts Growth A	GL	EQ	LUX	12/07	USD	34.10	70.2	86.2	-16.0
Emg Mkts Growth B	GL	EQ	LUX	12/07	USD	28.92	68.6	84.4	-16.8
Emg Mkts Growth C	GL	EQ	LUX	12/07	USD	29.57	69.5	85.4	-16.4
Emg Mkts Growth I	GL	EQ	LUX	12/07	USD	37.78	71.4	87.7	-15.3
Eur Growth A	OT	OT	LUX	12/07	USD	10.09	22.1	22.5	-19.9
Eur Growth A	OT	OT	LUX	12/07	EUR	6.80	22.1	22.5	-19.9
Eur Growth B	OT	OT	LUX	12/07	EUR	6.12	20.9	21.2	-20.7
Eur Growth B	OT	OT	LUX	12/07	USD	9.08	20.9	21.2	-20.7
Eur Growth C	EU	EQ	LUX	12/07	EUR	5.15	21.5	21.7	-20.3
Eur Growth I	OT	OT	LUX	12/07	USD	10.99	22.9	23.5	-19.3
Eur Growth I	OT	OT	LUX	12/07	EUR	7.41	22.9	23.5	-19.3
Eur Income A	OT	OT	LUX	12/07	EUR	6.61	39.1	35.7	3.8
Eur Income A	OT	OT	LUX	12/07	USD	9.81	39.1	35.7	3.8
Eur Income A2	OT	OT	LUX	12/07	EUR	12.84	39.4	35.7	3.8
Eur Income A2	OT	OT	LUX	12/07	USD	19.05	39.4	35.7	3.8
Eur Income AT	EU	BD	LUX	12/07	EUR	6.60	39.2	35.8	3.8
Eur Income B	OT	OT	LUX	12/07	EUR	6.61	38.3	34.8	3.0
Eur Income B	OT	OT	LUX	12/07	USD	9.81	38.3	34.8	3.0
Eur Income B2	OT	OT	LUX	12/07	EUR	11.95	38.5	34.9	3.1
Eur Income B2	OT	OT	LUX	12/07	USD	17.73	38.5	34.9	3.1
Eur Income BT	EU	BD	LUX	12/07	EUR	6.61	38.6	34.9	3.1
Eur Income C	OT	OT	LUX	12/07	EUR	6.61	38.6	35.1	3.3
Eur Income C	OT	OT	LUX	12/07	USD	9.81	38.6	35.1	3.3
Eur Income C2	OT	OT	LUX	12/07	EUR	12.80	38.8	35.2	3.3
Eur Income C2	OT	OT	LUX	12/07	USD	18.99	38.8	35.2	3.3
Eur Income I	OT	OT	LUX	12/07	EUR	6.61	39.7	36.4	4.3
Eur Income I	OT	OT	LUX	12/07	USD	9.81	39.7	36.4	4.3
Eur Strat Value A	OT	OT	LUX	12/07	EUR	8.37	20.3	22.0	-23.5
Eur Strat Value A	OT	OT	LUX	12/07	USD	12.42	20.3	22.0	-23.5
Eur Strat Value I	OT	OT	LUX	12/07	EUR	8.57	21.2	23.1	-22.8
Eur Strat Value I	OT	OT	LUX	12/07	USD	12.71	21.2	23.1	-22.8
Eur Value A	OT	OT	LUX	12/07	USD	13.38	23.9	26.2	-20.6
Eur Value A	OT	OT	LUX	12/07	EUR	9.02	23.9	26.2	-20.6
Eur Value B	OT	OT	LUX	12/07	EUR	8.30	22.6	24.8	-21.4
Eur Value B	OT	OT	LUX	12/07	USD	12.31	22.6	24.8	-21.4
Eur Value C	OT	OT	LUX	12/07	USD	12.95	23.3	25.6	-20.9
Eur Value C	OT	OT	LUX	12/07	EUR	8.73	23.3	25.6	-20.9
Eur Value I	OT	OT	LUX	12/07	USD	15.44	24.7	27.1	-19.9
Eur Value I	OT	OT	LUX	12/07	EUR	10.41	24.7	27.1	-19.9
Gl Balanced (Euro) A	OT	OT	LUX	12/07	USD	16.79	19.4	22.2	-12.6
Gl Balanced (Euro) B	OT	OT	LUX	12/07	USD	16.36	18.2	20.9	-13.4
Gl Balanced (Euro) C	OT	OT	LUX	12/07	USD	16.67	19.2	22.0	-12.8
Gl Balanced (Euro) I	OT	OT	LUX	12/07	USD	17.09	NS	NS	NS
Gl Balanced A	US	BA	LUX	12/07	USD	16.48	24.0	30.3	-11.6
Gl Balanced B	US	BA	LUX	12/07	USD	15.68	22.9	28.9	-12.4
Gl Balanced C	OT	OT	LUX	12/07	USD	16.24	23.7	29.9	-11.8
Gl Balanced C	OT	OT	LUX	12/07	EUR	10.95	23.7	29.9	-11.8
Gl Balanced I	US	BA	LUX	12/07	USD	17.08	24.8	31.2	-11.0
Gl Bond A	US	BD	LUX	12/07	USD	9.32	13.2	16.3	5.0
Gl Bond A2	US	BD	LUX	12/07	USD	16.10	13.3	16.2	4.9
Gl Bond A2	OT	OT	NA	12/07	HKD	124.78	13.3	16.2	4.9
Gl Bond AT	OT	OT	LUX	12/07	HKD	72.08	13.3	16.2	4.9
Gl Bond AT	US	BD	LUX	12/07	USD	9.30	13.3	16.2	4.9
Gl Bond B	US	BD	LUX	12/07	USD	9.32	12.2	15.1	3.9
Gl Bond B2	US	BD	LUX	12/07	USD	14.11	12.3	15.0	3.9
Gl Bond B2	OT	OT	NA	12/07	HKD	109.36	12.3	15.0	3.9
Gl Bond BT	OT	OT	LUX	12/07	HKD	72.39	12.2	15.0	3.9
Gl Bond BT	US	BD	LUX	12/07	USD	9.34	12.2	15.0	3.9
Gl Bond C	US	BD	LUX	12/07	USD	9.32	12.8	15.7	4.5
Gl Bond C2	US	BD	LUX	12/07	USD	13.97	12.8	15.6	4.4
Gl Bond I	US	BD	LUX	12/07	USD	9.32	13.8	16.9	5.6
Gl Conservative A	US	BA	LUX	12/07	USD	14.89	15.6	19.5	-4.7
Gl Conservative A2	US	BA	LUX	12/07	USD	16.95	16.3	20.3	-4.4
Gl Conservative B	US	BA	LUX	12/07	USD	14.89	14.8	18.7	-5.5
Gl Conservative B2	US	BA	LUX	12/07	USD	16.12	15.2	19.1	-5.4
Gl Conservative C	US	BA	LUX	12/07	USD	14.89	15.3	19.2	-5.1
Gl Conservative C2	US	BA	LUX	12/07	USD	16.59	15.9	19.9	-4.8
Gl Conservative I	US	BA	LUX	12/07	USD	14.95	16.3	20.5	-4.0
Gl Eq Blend A	GL	EQ	LUX	12/07	USD	11.62	30.0	39.2	-22.6
Gl Eq Blend B	GL	EQ	LUX	12/07	USD	10.91	28.8	37.8	-23.4
Gl Eq Blend C	GL	EQ	LUX	12/07	USD	11.41	29.4	38.3	-23.0
Gl Eq Blend I	GL	EQ	LUX	12/07	USD	12.25	31.0	40.2	-22.0
Gl Growth A	GL	EQ	LUX	12/07	USD	41.51	28.7	36.2	-23.5
Gl Growth B	GL	EQ	LUX	12/07	USD	34.67	27.5	34.9	-24.3
Gl Growth C	GL	EQ	LUX	12/07	USD	39.84	28.1	35.6	-23.9
Gl Growth I	GL	EQ	LUX	12/07	USD	46.06	29.7	37.3	-22.9
Gl High Yield A	US	BD	LUX	12/07	USD	4.26	57.0	65.8	3.1
Gl High Yield A2	US	BD	LUX	12/07	USD	9.07	57.5	65.8	3.1
Gl High Yield A2	OT	OT	NA	12/07	HKD	70.30	57.5	65.8	3.1
Gl High Yield AT	OT	OT	NA	12/07	HKD	32.71	57.6	65.9	3.0
Gl High Yield AT	US	BD	LUX	12/07	USD	4.22	57.6	65.9	3.0
Gl High Yield B	US	BD	LUX	12/07	USD	4.26	55.1	63.6	1.8
Gl High Yield B2	US	BD	LUX	12/07	USD	14.59	56.0	64.3	2.0
Gl High Yield B2	OT	OT	NA	12/07	HKD	113.08	56.0	64.3	2.0
Gl High Yield BT	OT	OT	NA	12/07	HKD	33.33	56.0	64.5	2.1
Gl High Yield BT	US	BD	LUX	12/07	USD	4.30	56.0	64.5	2.1
Gl High Yield C	US	BD	LUX	12/07	USD	4.26	56.1	64.8	2.6
Gl High Yield C2	US	BD	LUX	12/07	USD	13.45	56.9	65.2	2.6
Gl High Yield I	US	BD	LUX	12/07	USD	4.26	58.0	66.9	3.8
Gl Thematic Res. A	OT	OT	LUX	12/07	USD	14.64	67.3	89.4	-7.2
Gl Thematic Res. B	OT	OT	LUX	12/07	USD	12.81	65.7	87.6	-8.1
Gl Thematic Res. I	OT	OT	LUX	12/07	USD	16.31	68.5	90.8	-6.5
Gl Value A	GL	EQ	LUX	12/07	USD	11.16	31.4	42.2	-21.7
Gl Value B	GL	EQ	LUX	12/07	USD	10.26	30.2	40.7	-22.5
Gl Value C	GL	EQ	LUX	12/07	USD	10.85	30.9	41.5	-22.1
Gl Value I	GL	EQ	LUX	12/07	USD	11.86	32.4	43.2	-21.1
Greater China A	AS	EQ	LUX	12/07	USD	40.29	57.1	68.1	-18.8
Greater China B	AS	EQ	LUX	12/07	USD	35.67	55.6	66.4	-19.6
Greater China C	AS	EQ	LUX	12/07	USD	39.79	56.4	67.3	-19.2
India Growth A	OT	OT	LUX	12/07	USD	123.56	NS	NS	NS
India Growth AX	OT	OT	LUX	12/07	USD	107.98	86.9	102.8	-10.6
India Growth B	OT	OT	LUX	12/07	USD	129.52	NS	NS	NS
India Growth BX	OT	OT	LUX	12/07	USD	92.36	85.2	100.8	-11.5
India Growth I	EA	EQ	LUX	12/07	USD	111.86	87.7	103.6	-10.3
Int'l Health Care A	OT	EQ	LUX	12/07	USD	135.24	15.2	20.8	-10.3
Int'l Health Care B	OT	EQ	LUX	12/07	USD	114.15	14.1	19.6	-11.2
Int'l Health Care C	OT	EQ	LUX	12/07	USD	129.65	14.7	20.2	-10.7
Int'l Health Care I	OT	EQ	LUX	12/07	USD	147.68	16.0	21.8	-9.6
Int'l Technology A	OT	EQ	LUX	12/07	USD	105.99	44.9	52.7	-14.1
Int'l Technology B	OT	EQ	LUX	12/07	USD	91.90	43.5	51.2	-15.0
Int'l Technology C	OT	EQ	LUX	12/07	USD	102.46	44.3	52.1	-14.5
Int'l Technology I	OT	EQ	LUX	12/07	USD	118.78	46.0	54.0	-13.4
Japan Eq Blend A	JP	EQ	LUX	12/07	JPY	5901.00	10.0	23.1	-25.7
Japan Eq Blend B	JP	EQ	LUX	12/07	JPY	5698.00	8.9	21.9	-26.5
Japan Eq Blend C	JP	EQ	LUX	12/07	JPY	5808.00	9.5	22.6	-26.1
Japan Growth A	JP	EQ	LUX	12/07	JPY	5793.00	4.1	14.4	-26.0
Japan Growth B	JP	EQ	LUX	12/07	JPY	5594.00	3.2	13.2	-26.7
Japan Growth C	JP	EQ	LUX	12/07	JPY	5703.00	3.7	13.9	-26.3
Japan Strat Value A	JP	EQ	LUX	12/07	JPY	5962.00	15.6	31.7	-25.9
Japan Strat Value B	JP	EQ	LUX	12/07	JPY	5762.00	14.5	30.3	-26.7
Japan Strat Value C	JP	EQ	LUX	12/07	JPY	5864.00	15.1	31.0	-26.3
Real Estate Sec. A	OT	EQ	LUX	12/07	USD	14.19	33.0	50.2	-18.5
Real Estate Sec. B	OT	EQ	LUX	12/07	USD	12.98	31.8	48.7	-19.3
Real Estate Sec. I	OT	EQ	LUX	12/07	USD	15.25	34.0	51.4	-17.8
Short Mat Dollar A	US	BD	LUX	12/07	USD	7.21	10.5	11.2	-6.4
Short Mat Dollar A2	US	BD	LUX	12/07	USD	9.69	10.6	11.3	-6.5
Short Mat Dollar AT	US	BD	LUX	12/07	USD	7.20	10.7	11.3	-6.5
Short Mat Dollar B	US	BD	LUX	12/07	USD	7.21	10.0	10.7	-6.8
Short Mat Dollar B2	US	BD	LUX	12/07	USD	9.65	10.2	10.8	-6.8
Short Mat Dollar BT	OT	OT	LUX	12/07	USD	7.22	9.5	10.2	-7.1
Short Mat Dollar C	US	BD	LUX	12/07	USD	7.21	10.0	10.7	-6.8
Short Mat Dollar C2	US	BD	LUX	12/07	USD	13.64	10.2	10.8	-6.9
Short Mat Dollar I	US	BD	LUX	12/07	USD	7.21	11.0	11.8	-5.9

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FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	—%RETURN— YTD	12-MO	2-YR
Alexandra Convertible Bond Fund L Ltd. (Class A)	OT	OT	VGB	10/30	USD	1642.69	69.6	71.6	NS

■ CREDIT PACIFIC ASSET MANAGMENT
www.creditpacific.com

FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	—%RETURN— YTD	12-MO	2-YR
CPS-Master Priv Fund	GL	OT	WSM	12/02	USD	119.57	19.6	19.4	9.7

PLATINUM CAPITAL MANAGEMENT

■ PLATINUM CAPITAL MANAGEMENT
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FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	—%RETURN— YTD	12-MO	2-YR
Platinm-All Star	OT	OT	CYM	09/30	USD	94.24	12.2	-6.9	-12.2
Platinm-All Weather	OT	OT	USA	10/31	USD	129.92	2.4	3.2	3.8
Platinm-Dynasty	OT	OT	USA	10/30	USD	108.45	5.5	2.5	-34.0
Platinm-Emancipation	OT	OT	USA	10/30	USD	93.58	25.0	9.3	-11.3
Platinm-Equity Plus	OT	OT	USA	05/29	USD	35.02	-18.2	-63.7	-45.6
Platinm-Gbl Dividend	OT	OT	CYM	09/30	USD	59.71	27.4	-18.1	-32.3
Platinm-Nordic	OT	OT	CYM	09/30	SEK	591.49	8.4	-6.2	-19.0
Platinm-Premier	OT	OT	CYM	12/31	USD	21.20	-55.9	-66.0	-44.3
Platinm-Turnberry	OT	OT	USA	10/30	USD	56.60	NS	NS	-38.7

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FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	—%RETURN— YTD	12-MO	2-YR
Superfund Cayman*	OT	OT	CYM	12/01	USD	53.48	-35.8	-32.6	8.8
Superfund GCT USD*	GL	EQ	LUX	12/01	USD	2705.00	-25.9	-24.5	8.4
Superfund Green Gold A (SPC)	OT	OT	CYM	12/01	USD	1221.92	5.1	13.2	23.5
Superfund Green Gold B (SPC)	OT	OT	CYM	12/01	USD	1268.02	-5.9	1.8	23.7
Superfund Q-AG*	OT	OT	AUT	12/01	EUR	7509.00	-14.3	-12.8	9.6

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FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	—%RETURN— YTD	12-MO	2-YR
Winton Evolution EUR Cls H	OT	OT	CYM	11/30	EUR	972.73	NS	NS	NS
Winton Evolution GBP Cls G	OT	OT	CYM	11/30	GBP	976.73	NS	NS	NS
Winton Evolution USD Cls F	OT	OT	CYM	11/30	USD	1232.74	-2.8	-1.2	3.7
Winton Futures EUR Cls C	OT	OT	VGB	11/30	EUR	202.11	-1.8	-0.1	9.2
Winton Futures GBP Cls D	OT	OT	VGB	11/30	GBP	218.35	-1.6	0.4	10.2
Winton Futures JPY Cls E	OT	OT	VGB	11/30	JPY	14398.02	-2.4	-0.4	6.9
Winton Futures USD Cls B	OT	OT	VGB	11/30	USD	716.94	-2.2	-0.2	8.9

Allianz Global Investors

■ ALLIANZ GLOBAL INVESTORS KAPITALANLAGEGESELLSCHAFT

FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	—%RETURN— YTD	12-MO	2-YR
Concentra AE	EU	EQ	DEU	12/08	EUR	50.86	30.8	38.9	-13.1
Industria AE	EU	EQ	DEU	12/08	EUR	70.06	33.9	33.5	-18.3
InternRent AE	EU	BD	DEU	12/08	EUR	35.25	3.8	0.1	9.5

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MARKETS

Credit downgrades spook U.S. stocks

Dubai, Greece also weigh on Europe's shares

By Donna Kardos Yesalavich

U.S. stocks fell Tuesday as credit-rating downgrades sparked renewed concerns over Dubai and Greece, sending investors away from riskier investments and into the safety of the dollar.

ABREAST OF THE MARKET

Near midday in New York, the Dow Jones Industrial Average was down 77.84 points, or 0.8%, at 10312.37.

McDonald's was among the worst performers, off 2% late morning after the fast-food giant said its global same-store sales rose a scant 0.7% in November.

Intel also weighed on the Dow, sliding 1.3%. **3M** slid 1.2% after the company issued guidance for the coming year in line with analysts' estimates but failed to raise its current-year target to catch up with Wall Street's view.

The Nasdaq Composite declined 0.3% to 2183.89, and the Standard & Poor's 500-stock index fell 0.7% to 1095.22. All of the S&P 500's categories were in the red, led by its materials and energy sectors as metals futures and crude-oil futures fell.

Late morning on the New York Mercantile Exchange, gold was down $12.90, or 1.1%, to $1,150.50 an ounce, while crude oil fell $1.20, or 1.6%, to $72.73 a barrel.

FedEx bucked the trend, rising 3.1% after it lifted its earnings estimate for the quarter by more than 10%, citing cost-cutting and demand from Asia and Latin America, among other factors.

Gainers also included **Brown-Forman**, up 4.7% as the alcoholic-beverage maker's fiscal second-quarter earnings exceeded expectations.

European markets

Stocks dropped sharply as banks fell following the credit rating downgrades for Dubai and Greece and reports painted a picture of a fragile economic backdrop.

The pan-European Dow Jones Stoxx 600 fell 1.6% to 244.01.

British banks, which are thought to be some of the most-exposed to Dubai debt woes, fell. **Royal Bank of Scotland** tumbled 7.7%, and **HSBC Holdings** slid 2.5%.

Among major national indexes, the U.K. FTSE 100 fell 1.7% to 5223.13, the German DAX lost 1.7% to 5688.58 and the French CAC-40 fell 1.4% to 3785.30.

Technology firms were higher. **TomTom** jumped 7.1% in Amsterdam after Morgan Stanley issued an "overweight" rating on the stock.

Q-Cells climbed 1.7%, with the United Nations climate-change conference in Copenhagen shining the spotlight on energy firms.

Dollar extends gains on euro and sterling

By Bradley Davis

NEW YORK—The dollar entrenched its lead on the euro and other higher-yielding currencies Tuesday morning, as investors focused on a possible U.S. rate increase.

The pound hit a more-than-one-month low versus the greenback as it sagged under the weight of a possible debt downgrade.

Investors shunned the euro after a ratings agency downgraded the debt of Greece and issued a negative outlook for the economically struggling euro zone country.

CURRENCY MARKETS

"Some of these latent issues are still simmering up," said Brian Dolan, chief currency strategist at Forex.com in Bedminster, N.J., "which are unnerving overall risk sentiment," denting higher-yielding currencies.

At noon in New York, the euro was at $1.4739 from $1.4813 late Monday.

The dollar was at 88.44 yen from 89.53 yen, while the euro was at 130.35 yen from 132.61 yen.

The pound was at $1.6299 from $1.6440 and the dollar was at 1.0245 Swiss francs from 1.0201 francs.

The pound slid sharply overnight after ratings agency Moody's Investors Service warned that the U.K. and the U.S. needed to rein in their deficits in order to hold on to their triple-A credit ratings.

Most Asian markets fall; Tokyo's win streak ends

By Matthew Allen And Philip Vahn

Asian markets ended mostly lower Tuesday, with Japanese stocks snapping a six-session winning stretch as exporters dropped on the yen's renewed strength.

Hong Kong shares fell for a third straight session, as Chinese banks declined on concerns about possible fund-raising plans.

Banks were generally weaker across the region, in line with their U.S. peers, as the recent better-than-expected U.S. economic data have raised the possibility of higher interest rates ahead. Those declines came despite a speech by U.S. Federal Reserve Chairman Ben Bernanke on Monday indicating that rates would stay low for an extended period. **Commonwealth Bank of Australia** slid 1.3% in Sydney, while **Mizuho Financial Group** fell 2.4% and **Shinsei Bank** slumped 6.4% in Tokyo.

ASIAN-PACIFIC STOCKS

In Tokyo, the the Nikkei Stock Average of 225 companies shed 0.3% to 10140.47, as a new government stimulus package failed to inspire the market.

Exporters traded lower as the yen rose. **NEC** fell 3.5%, **Mazda Motor** shed 2.3%, and **Nikon** and **Canon** dropped 1.1% each.

The government on Tuesday unveiled a package that included 7.2 trillion yen ($80.4 billion) in spending. UBS senior economist Takuji Aida said the plan "doesn't necessarily mean that deflationary pressure will ease anytime soon. For that, the government must spend much more."

The shipping sector dropped 4.4% after recent big gains, with **Nippon Yusen** losing 5.7% and **Kawasaki Kisen Kaisha** falling 5.4% after a drop in the Baltic Dry Index, a dry-bulk shipping benchmark .

In Hong Kong, the Hang Seng Index fell 1.2% to 22060.52 as **HSBC Holdings** dropped 2%, its third straight decline, amid reports that **Dubai World** is in talks with its bank creditors, including HSBC, about billions of dollars in debt.

Chinese banks fell on concerns they may have to raise cash if the government increases capital requirements next year. **China Construction Bank** fell 2.1%, **Industrial & Commercial Bank of China** slid 1.8%, and **Bank of China** fell 1.6%.

Geely Automobile Holdings rose 6% following a suspension of its shares, after confirming it reached its full-year sales target of 250,000 units in October and saying it expects sales to exceed 300,000 units in 2009.

In Mumbai, stocks bucked the regional trend, with the Sensitive Index gaining 1.4% to 17227.68. **Reliance Industries**, which has a weighting of about 14% of the Sensex, climbed 2.3%, helped by media reports that it is in talks with banks to raise $8 billion to $10 billion for its proposed acquisition of LyondellBasell.

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FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	YTD	12-MO	2-YR
GAM Arbitrage Op	OT	OT	VGB	11/30	USD	1228.34	21.2	13.6	-9.5
GAM Asia Eq Hdg JPY Op	GL	EQ	VGB	11/30	JPY	14828.64	58.2	71.2	-1.9
GAM Asia Equity Hedge US	OT	OT	VGB	11/30	USD	279.62	60.2	74.2	0.2
GAM Asia Equity USD	OT	OT	VGB	12/07	USD	653.84	62.9	84.0	-14.8
GAM Asia-Pacific Eq USD	OT	OT	VGB	12/01	USD	1244.79	15.9	29.6	-17.2
GAM Com Glb Bal EUR Op	US	BA	VGB	11/30	EUR	91.72	14.4	17.2	-9.0
GAM Com Glb Bal USD Op	US	BA	VGB	11/30	USD	126.90	14.4	17.2	-9.0
GAM Comp Glb Eq EUR Op	GL	EQ	VGB	11/30	EUR	92.29	19.7	24.0	-16.3
GAM Comp Glb Eq USD Op	GL	EQ	VGB	11/30	USD	125.05	19.7	24.0	-16.3
GAM Comp Glb Gr EUR Op	US	BA	VGB	11/30	EUR	81.91	14.2	17.7	-13.3
GAM Comp Glb Gr USD Op	US	BA	VGB	11/30	USD	125.44	14.2	17.7	-13.3
GAM CompAbsRT EUR Op	OT	OT	VGB	09/30	EUR	141.71	9.1	0.1	-6.9
GAM CompAbsRT SGD Op	OT	OT	VGB	09/30	SGD	102.21	9.2	-0.1	-8.3
GAM CompAbsRT USD Op	OT	OT	VGB	09/30	USD	845.66	9.5	0.7	-7.0
GAM Cptal Apprec Eq Inc	US	EQ	VGB	12/04	USD	243.82	33.9	40.2	-13.2
GAM Cross Trading Inc	OT	OT	VGB	11/30	USD	468.62	7.1	7.4	7.0
GAM Diversity CHF Op	OT	OT	VGB	11/30	CHF	94.43	4.4	3.1	-6.8
GAM Diversity EUR Op	OT	OT	VGB	11/30	EUR	649.24	5.2	4.4	-5.2
GAM Diversity USD 2.5XL	OT	OT	VGB	11/30	USD	78.64	9.0	6.9	-19.7
GAM Diversity USD Op	OT	OT	VGB	11/30	USD	681.74	5.2	4.2	-5.8
GAM Dvrsty II CHF Op	OT	OT	VGB	11/30	CHF	99.72	4.2	2.8	-6.6
GAM Dvrsty II EUR Op	OT	OT	VGB	11/30	EUR	139.02	4.8	3.4	-5.4
GAM Dvrsty II USD Op	OT	OT	VGB	11/30	USD	210.62	4.8	3.6	-5.7
GAM DvrstyIII EUR Op	OT	OT	VGB	11/30	EUR	115.80	4.7	3.5	-5.4
GAM DvrstyIII USD Op	OT	OT	VGB	11/30	USD	122.25	4.8	3.6	-5.5
GAM Euro Eq Hdg EUR Op	EU	EQ	VGB	11/30	EUR	212.21	7.6	8.3	-6.3
GAM Euro Eq Hdg USD Op	OT	OT	VGB	11/30	USD	197.46	8.4	9.6	-4.1
GAM European Equity USD	OT	OT	VGB	12/07	USD	300.07	28.7	40.3	-13.6
GAM GAMCO	OT	EQ	VGB	12/01	USD	800.00	37.9	55.0	-11.2
GAM Gb EmMkts Hdg EUROp	OT	OT	VGB	11/30	EUR	97.89	13.5	13.7	-16.0
GAM Gb EmMkts Hdg USDOp	OT	OT	VGB	11/30	USD	103.26	14.1	14.1	-15.2
GAM Gbl Divers USD Inc.	GL	EQ	VGB	12/07	USD	251.73	20.8	30.8	-9.1
GAM Grtr China Eq Hdg Op	GL	EQ	VGB	11/30	USD	277.49	94.3	116.9	17.8
GAM Intrst Trend II	GL	BD	VGB	12/07	USD	93.98	42.7	37.4	-7.0
GAM Intrst Trend Inc	OT	OT	VGB	12/07	USD	249.93	57.1	52.3	-5.5
GAM Japan Eq Hdg EUR Op	AS	EQ	VGB	11/30	EUR	108.76	1.8	4.1	-11.7
GAM Japan Eq Hdg USD Op	OT	OT	VGB	11/30	USD	112.96	0.4	6.5	-23.1
GAM Japan Eq Hdg YEN Open	AS	EQ	VGB	11/30	JPY	7782.16	0.9	6.1	-22.6
GAM Japan USD	JP	EQ	VGB	12/07	USD	1102.16	6.5	24.3	-18.7
GAM Japan YEN	JP	EQ	VGB	12/07	JPY	8660.04	8.1	23.5	-25.9
GAM Money Mkt EuroOp	EU	MM	VGB	12/04	EUR	51.19	0.1	0.2	1.8
GAM Money Mkt USD	US	MM	VGB	12/04	USD	99.96	-0.1	0.0	1.0
GAM Multi-Arb EUR Op	OT	OT	VGB	11/30	EUR	113.60	1.3	-1.0	-8.5
GAM Multi-Arb USD Op	OT	OT	VGB	11/30	USD	118.62	1.6	-0.8	-8.8
GAM Multi-China EUR Op	OT	OT	VGB	11/30	EUR	164.98	11.1	11.4	-9.4
GAM Multi-China USD Op	OT	OT	VGB	11/30	USD	173.49	11.7	12.0	NS
GAM Multi-Emer Mkts GBP	OT	OT	VGB	11/30	GBP	128.86	23.2	21.7	-2.9
GAM Multi-Emer Mkts USD	OT	OT	VGB	11/30	USD	638.35	23.2	21.7	-3.2
GAM Multi-Eur EUR Op	OT	OT	VGB	11/30	EUR	266.55	6.2	4.9	-9.7
GAM Multi-Eur II EUR Op	OT	OT	VGB	11/30	EUR	137.15	6.2	4.8	-10.5
GAM Multi-Eur II USD Op	OT	OT	VGB	11/30	USD	112.19	5.8	4.4	-11.4
GAM Multi-Eur USD Op	OT	OT	VGB	11/30	USD	464.06	5.9	4.5	-10.5
GAM Multi-Nth Am EUR Special	OT	OT	VGB	11/30	EUR	132.60	11.3	11.1	-4.3
GAM Multi-Nth Am USD Special	OT	OT	VGB	11/30	USD	216.03	11.6	11.8	-4.4
GAM Multi-Pac EUR Op	GL	EQ	VGB	11/30	EUR	141.03	3.5	3.3	-5.1
GAM Multi-Pac USD Op	OT	OT	VGB	11/30	USD	162.80	3.6	3.7	-5.4
GAM Portable Dvr/S&P500	OT	OT	VGB	08/24	USD	70.11	17.7	-27.7	-22.9
GAM Selection Hdg	US	EQ	VGB	11/30	USD	2532.45	62.7	63.5	8.8
GAM Sing/Malaysia	AS	EQ	VGB	12/07	USD	2526.10	52.1	59.4	-11.9
GAM Sterling Spe Bd Inc	OT	OT	VGB	11/30	GBP	241.39	39.7	39.6	2.2
GAM Trading EUR Inc	OT	OT	VGB	11/30	EUR	327.03	7.0	7.2	7.6
GAM Trading USD Inc	OT	OT	VGB	11/30	USD	978.73	7.2	7.5	7.1
GAM Trdg II IncEUR Op	OT	OT	VGB	11/30	EUR	139.92	6.9	7.1	7.6
GAM Trdg II IncUSD Op	OT	OT	VGB	11/30	USD	317.79	7.2	7.5	7.1
GAM Trdg IV IncEUR Op	OT	OT	VGB	11/30	EUR	147.64	6.7	6.7	7.0
GAM Trdg IV IncUSD Op	OT	OT	VGB	11/30	USD	155.42	6.9	7.2	6.8
GAM Trdg V IncEUR Op	OT	OT	VGB	11/30	EUR	125.17	6.7	6.6	6.9
GAM Trdg V IncUSD Op	OT	OT	VGB	11/30	USD	130.35	6.8	7.1	6.7
GAM TrdgIII IncEUR Op	OT	OT	VGB	11/30	EUR	157.86	6.7	6.8	7.3
GAM TrdgIII IncUSD Op	OT	OT	VGB	11/30	USD	163.46	6.9	7.3	7.0
GAM USDSpecBondInc	US	BD	VGB	11/30	USD	516.29	69.8	70.4	6.0
GAM Worldwide	GL	EQ	VGB	12/07	USD	2257.82	26.6	37.0	-10.0
GAMut Investments	OT	OT	VGB	12/02	USD	7697.06	6.0	7.5	8.6

GAM Star Fund Plc

GAMStar-AsEqCHF Ord Ac	AS	EQ	IRL	12/07	CHF	10.83	51.7	53.6	-18.5
GAMStar-AsEqEUR Ord Ac	AS	EQ	IRL	12/07	EUR	11.46	52.3	58.0	-14.0
GAMStar-AsEqGBP Ord Ac	AS	EQ	IRL	12/07	GBP	1.54	44.0	63.8	-3.5
GAMStar-AsEqUSD Ord Ac	AS	EQ	IRL	12/07	USD	13.36	62.3	84.3	-13.5
GAMStar-AsPacEqEUR Acc	AS	EQ	IRL	12/07	EUR	98.57	14.7	20.7	-17.0
GAMStar-AsPacEqEUR Inc	AS	EQ	IRL	12/07	EUR	95.40	14.7	20.7	-17.0
GAMStar-ContEurEqEUR Ac	EU	EQ	IRL	12/07	EUR	10.68	22.0	23.1	-12.1
GAMStar-EurpEqEUR Acc	EU	EQ	IRL	12/07	EUR	178.26	22.5	22.0	-14.4
GAMStar-EurpEqEUR Inc	EU	EQ	IRL	12/07	EUR	162.88	22.4	22.0	-14.4
GAMStar-EurpEqUSD Acc	EU	EQ	IRL	12/07	USD	16.11	30.2	42.1	-13.8
GAMStar-EurpEqUSD Inc	EU	EQ	IRL	12/07	USD	14.61	30.2	42.0	-13.8
GAMStar-FrontierOppUSD Acc	GL	EQ	IRL	12/04	USD	5.50	16.9	12.4	NS
GAMStar-JpnEq EUR Acc	JP	EQ	IRL	12/07	EUR	86.56	3.7	10.5	-16.3
GAMStar-JpnEq EUR Inc	JP	EQ	IRL	12/07	EUR	86.57	3.7	10.5	-16.3
GAMStar-JpnEq JPY Acc	JP	EQ	IRL	12/07	JPY	904.27	6.0	20.5	-25.0
GAMStar-JpnEq USD Acc	JP	EQ	IRL	12/07	USD	11.13	3.2	19.4	-18.9
GAMStar-World EqUSD Acc	GL	EQ	IRL	12/07	USD	2235.22	27.5	38.1	-9.5

المجموعة المالية - هيرميس
EFG HERMES

HERMES FINANCIAL MANAGEMENT (EGYPT) LIMITED, AMSALES@EFG-HERMES.COM
*Tel: 9714 363 4041 *Middle East & Developing Africa Fund*

EFG-Hermes Egypt	GL	EQ	BMU	11/30	USD	40.51	17.1	27.4	-19.0
EFG-Hermes MEDA*	GL	EQ	BMU	09/30	USD	24.16	15.3	-17.3	-10.4
EFG-Hermes Saudi Arabia Equity	EA	EQ	SAU	11/24	SAR	6.05	27.6	21.8	NS
EFG-Hermes Telecom	OT	EQ	BMU	09/30	USD	29.73	16.0	-0.1	-8.2

LLOYD GEORGE MANAGEMENT (HK) LTD
Suite 3808, One Exchange Square, HK: Tel. 852 2845 4433 Fax. 852 2845 3911

LG Antenna	GL	EQ	BMU	12/04	USD	59.94	75.6	87.3	-10.0
LG Asian Plus	AS	EQ	CYM	11/27	USD	53.71	42.1	56.6	-18.0
LG AsianSmallerCo's	AS	EQ	BMU	12/07	USD	96.58	75.1	93.3	-22.5
LG India	EA	EQ	MUS	12/03	USD	65.04	103.8	126.6	-13.6

Manulife WEALTH MANAGEMENT 宏利財富管理

MANULIFE ASSET MANAGEMENT TEL:(852)2108 1110
Internet:http://www.manulife.com.hk 47/F Manulife Plaza, Causeway Bay, Hong Kong

American Growth	US	EQ	LUX	12/08	USD	14.80	23.4	26.5	-14.6
American Growth AA	US	EQ	LUX	12/08	USD	0.85	23.0	26.2	-7.7
Asian Equity	AS	EQ	LUX	12/08	USD	2.43	62.5	74.3	-11.3
Asian Equity AA	AS	EQ	LUX	12/08	USD	0.78	61.9	73.7	-11.5
Asian Sm Cap Equity AA	AS	EQ	LUX	12/08	USD	1.16	91.5	108.3	-6.9
China Value A	AS	EQ	LUX	12/08	USD	7.16	65.8	72.3	-8.3
China Value AA	AS	EQ	LUX	12/08	USD	2.25	65.4	71.8	-8.5
Dragon Growth	AS	EQ	LUX	12/08	USD	1.66	69.3	69.3	-10.4
Dragon Growth AA	OT	OT	LUX	12/08	HKD	8.07	69.2	68.8	-11.6
Emg Eastrn Europe A	EU	EQ	LUX	12/08	USD	4.49	90.5	92.3	-20.0
Emg Eastrn Europe AA	EU	EQ	LUX	12/08	USD	1.93	90.3	92.0	-20.1
European Growth	EU	EQ	LUX	12/08	USD	9.09	41.3	54.1	-19.4
European Growth AA	EU	EQ	LUX	12/08	USD	0.65	40.9	53.7	-19.6
Global Contrarain AA	GL	EQ	LUX	12/08	USD	0.87	81.1	110.4	NS
Global Property AA	OT	EQ	LUX	12/08	USD	0.67	44.7	54.6	-17.6
Global Resources AA	OT	EQ	LUX	12/08	USD	1.08	53.7	93.0	-11.7
Healthcare AA	OT	EQ	LUX	12/08	USD	0.92	11.8	18.5	NS
India Equity AA	EA	EQ	LUX	12/08	USD	1.08	77.8	90.6	-18.9
International Growth	GL	EQ	LUX	12/08	USD	3.01	21.0	26.9	-17.1
International Growth AA	GL	EQ	LUX	12/08	USD	0.70	20.7	26.6	-17.3
Japanese Growth	JP	EQ	LUX	12/08	USD	2.83	9.2	21.7	-15.5
Japanese Growth AA	JP	EQ	LUX	12/08	USD	0.74	8.9	21.4	NS
Latin America Equity AA	GL	EQ	LUX	12/08	USD	1.29	106.1	123.0	-6.8
MGF Asia Value Dividend Equity Fund	OT	OT	Lux	12/08	USD	1.12	NS	NS	NS
Russia Equity AA	EE	EQ	LUX	12/08	USD	0.63	128.6	124.0	-23.3
Taiwan Equity AA	AS	EQ	LUX	12/08	USD	1.02	76.0	90.9	-3.0
Turkey Equity AA	EE	EQ	LUX	12/08	USD	0.73	98.7	121.3	-16.7
U.S. Bond AA	US	BD	LUX	12/08	USD	1.11	17.9	21.3	7.5
U.S. High Yield Bond AA	US	BD	LUX	12/08	USD	0.78	74.8	79.0	-2.8
U.S. Sm Cap Equity AA	US	EQ	LUX	12/08	USD	0.79	64.8	66.8	-15.7
U.S. Tsy Inf-ProtSec AA	OT	BD	LUX	12/08	USD	1.15	8.8	12.9	3.8

PT CIPTADANA ASSET MANAGEMENT
Tel: +62 21 25574 883 Fax: +62 21 25574 893 Website: www.ciptadana.com

Indonesian Grth Fund	EA	EQ	CYM	12/02	USD	123.32	113.8	166.8	-3.6

Sensible Asset Management
A Value Partners Group company

SENSIBLE ASSET MANAGEMENT LIMITED
www.samfund.com.hk Tel: (852) 2868 6848 Fax: (852) 2810 9948

Asia Value Formula Fd-B	AS	EQ	CYM	12/07	USD	7.96	85.5	111.7	-8.2

SOCIETE GENERALE
Asset Management

SG ASSET MANAGEMENT HTTP://WWW.SGAM.COM
SGAM Fund

Bonds Eur Hi Yld A	EU	BD	LUX	12/04	EUR	20.30	52.7	52.9	-2.2
Bonds EURO A	EU	BD	LUX	12/04	EUR	41.30	4.6	4.5	5.2
Bonds EUROPE A	EU	BD	LUX	12/07	EUR	39.34	3.8	3.2	4.4
Bonds US OppsCoreplus A	US	BD	LUX	12/04	USD	37.03	17.4	19.7	8.3
Bonds World A	GL	BD	LUX	12/04	USD	43.72	9.8	15.1	7.5
Eq. China A	AS	EQ	LUX	12/07	USD	24.78	65.8	78.7	-16.2
Eq. ConcentratedEuropeA	EU	EQ	LUX	12/07	EUR	26.28	27.6	32.3	-19.3
Eq. Eastern Europe A	EU	EQ	LUX	12/07	EUR	22.14	67.5	58.9	-29.3
Eq. Euroland A	EU	EQ	LUX	12/07	EUR	10.58	15.4	23.8	-21.9
Eq. EurolandCyclclsA	EU	EQ	LUX	12/07	EUR	17.33	26.2	40.2	-17.1
Eq. EurolandFinancialA	OT	EQ	LUX	12/07	EUR	11.40	35.3	40.8	-22.2
Eq. Glbl Emg Cty A	GL	EQ	LUX	12/07	USD	9.68	61.9	84.2	-16.6
Eq. Global A	GL	EQ	LUX	12/07	USD	27.56	31.0	42.7	-15.9
Eq. Global Energy A	OT	EQ	LUX	12/07	USD	17.76	24.5	41.8	-14.4
Eq. Global Technol A	OT	OT	LUX	04/24	USD	4.46	22.1	-29.7	-21.6
Eq. Gold Mines A	OT	EQ	LUX	12/07	USD	31.73	51.8	111.5	3.4
Eq. Pacific A	AS	EQ	LUX	12/07	USD	10.28	61.0	76.4	-15.4
Eq. US Lg Cap Gr A	US	EQ	LUX	12/07	USD	14.94	38.6	42.3	-14.5
Eq. US Rel Val A	US	EQ	LUX	12/07	USD	20.22	30.2	35.2	-17.4
Eq. US Sm Cap Val A	US	EQ	LUX	12/07	USD	15.42	19.1	26.3	-22.3
Money Market EURO A	EU	MM	LUX	12/04	EUR	27.39	1.0	1.2	2.8
Money Market USD A	US	MM	LUX	12/04	USD	15.83	0.5	0.7	1.9

المستثمر الوطني
The National Investor

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TNI Tower | Zayed 1st Street Khalidia| Web:www.tni.ae

TNI Mena Real Estate Fund	OT	OT	BMU	11/26	USD	1032.51	9.8	4.5	-22.2
TNI MENA Special Sits Fund	OT	OT	BMU	10/29	USD	1139.93	17.4	NS	NS
TNI UAE Blue Chip Fund	OT	OT	ARE	11/26	AED	6.14	33.8	12.4	-24.1

Value Partners
Investing through discipline

WEBSITE: WWW.VALUEPARTNERS.COM.HK, TEL: (852) 2880 9263, FAX: (852) 2564 8487
**formerly known as China ABH Shares Fund*

Intel-Chin MainInd Foc	AS	EQ	CYM	11/30	USD	29.32	82.8	100.8	0.0
Intel-China Converg*	AS	EQ	CYM	11/30	USD	112.36	84.4	103.2	-1.5
VP Classic - A	AS	EQ	CYM	12/07	USD	187.73	84.2	103.6	-3.4
VP CLassic - B	AS	EQ	CYM	12/07	USD	87.53	83.3	102.5	-3.9
VP High Dividend Stk	AS	EQ	CYM	11/30	USD	44.49	79.0	99.2	-1.2

yuki
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YMR-N Series

YMR-N Growth Fund	OT	OT	IRL	12/08	JPY	9195.00	6.9	13.2	-27.2
YMR-N Small Cap Fund	OT	OT	IRL	12/08	JPY	6898.00	8.0	15.2	-27.3

Yuki 77 Series

Yuki 77 General	JP	EQ	IRL	12/08	JPY	6045.00	2.4	8.3	-29.3
Yuki 77 Growth	JP	EQ	IRL	12/08	JPY	5533.00	-6.5	-5.6	-34.4

Yuki Chugoku Series

Yuki Chugoku Jpn Gen	JP	EQ	IRL	12/08	JPY	6677.00	7.0	12.1	-26.0
Yuki Chugoku JpnLowP	JP	EQ	IRL	12/08	JPY	7440.00	-9.2	-4.0	-26.9

Yuki Hokuyo Japan Series

Yuki Hokuyo Jpn Gen	JP	EQ	IRL	12/08	JPY	4562.00	0.3	4.5	-29.5
Yuki Hokuyo Jpn Inc	JP	EQ	IRL	12/08	JPY	5174.00	-2.0	-1.2	-23.2
Yuki Hokuyo Jpn Sm Cap	JP	EQ	IRL	12/08	JPY	5025.00	6.8	10.4	-25.8

Yuki Mizuho Series

Yuki Mizuho Gen Jpn III	OT	OT	IRL	12/08	JPY	4291.00	1.0	4.6	-33.4
Yuki Mizuho Jpn Dyn Gro	OT	OT	IRL	12/08	JPY	4547.00	1.2	4.0	-33.2
Yuki Mizuho Jpn Exc 100	OT	OT	IRL	12/08	JPY	6792.00	11.3	16.3	-27.7
Yuki Mizuho Jpn Gen	OT	OT	IRL	12/08	JPY	8431.00	5.1	10.5	-27.7
Yuki Mizuho Jpn Gro	OT	OT	IRL	12/08	JPY	6270.00	0.3	3.7	-30.1
Yuki Mizuho Jpn Inc	OT	OT	IRL	12/08	JPY	7438.00	-6.5	-3.3	-26.2
Yuki Mizuho Jpn Lg Cap	OT	OT	IRL	12/08	JPY	5075.00	1.8	5.9	-28.3
Yuki Mizuho Jpn LowP	OT	OT	IRL	12/08	JPY	11238.00	-0.8	3.3	-24.1
Yuki Mizuho Jpn PGth	OT	OT	IRL	12/08	JPY	7844.00	2.7	5.8	-32.2
Yuki Mizuho Jpn SmCp	OT	OT	IRL	12/08	JPY	6974.00	13.7	16.3	-28.1
Yuki Mizuho Jpn Val Sel	OT	OT	IRL	12/08	JPY	5566.00	7.2	12.4	-24.3
Yuki Mizuho Jpn YoungCo	OT	OT	IRL	12/08	JPY	2654.00	11.2	13.1	-34.0

Yuki Shizuoka Japan Series

Yuki Shizuoka General Japan	JP	EQ	IRL	12/08	JPY	5313.00	4.2	9.6	-28.3

For information about listing your funds, please contact: Carson Wong tel: +852 2831-6481; email: carson.wong@dowjones.com

BLUE CHIPS & BONDS

Major players & benchmarks

At right, a look at the Asia Titans, the biggest and best known companies in Asia. Below, some of the Dow Jones Titans indexes of biggest and most liquid stocks in individual countries and regions

Giants around the world

In U.S.-dollar terms.

Dow Jones Country Titans

	INDEX PERFORMANCE		
	Previous session	Year-to-date	52-week
Brazil	-2.29%	**104.3%**	98.1%
Russia	-0.93	**97.7**	101.9
China 88	-1.47	**85.9**	65.6
Turkey	-0.61	**80.5**	102.1
Singapore	0.27	**61.0**	62.7
Hong Kong	-1.13	**50.1**	47.6
Sweden	-0.98	**50.0**	45.0
South Korea	-0.38	**47.9**	46.9
Netherlands	-1.65	**34.5**	33.9
Canada	-0.96	**25.7**	34.3
Australia	-0.11	**25.1**	28.6
Switzerland	-1.29	**22.3**	15.9
South Africa	-0.48	**19.3**	23.5
France	-1.56	**18.2**	13.6
Italy	-1.72	**17.8**	16.7
U.K.	-1.59	**17.5**	19.0
Spain	-1.68	**15.6**	18.0
Germany	-1.71	**12.7**	13.4
Japan	-0.17	**6.1**	12.0

Dow Jones Regional Sector Titans

Basic Res	-1.80%	**75.7%**	93.2%
Tiger 50*	-0.81	**56.1**	59.0
Auto Parts	-0.52	**52.1**	53.2
EU Enlarged†-p	-1.18	**38.1**	31.3
Nordic 30 -p	-0.80	**36.8**	30.4
Asian 50	0.30	**32.3**	42.3
Global 50	0.14	**21.3**	22.4
Stoxx 50 -p	-0.53	**20.6**	17.5
Euro Stoxx 50 -p	-0.48	**18.3**	18.2
Arab 50	0.55	**2.2**	-0.4

*Asia excluding Japan †15 companies from the new EU countries; Cyprus, CzechRepublic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia and Slovenia.

Source: Dow Jones Indexes

Dow Jones Asia Titans: Tuesday's best and worst...

Company	Country	Industry	Market value, in billions of US$	Previous close, in local currency	STOCK PERFORMANCE Previous session	52-week	Three-year
KDDI	Japan	Mobile Telecommunications	$24.5	489,000	**2.09%**	-23.2%	-38.4%
East Japan Railway	Japan	Travel Tourism	28.0	6,180	**1.81**	-7.9	-22.6
Tokyo Elec Power	Japan	Conventional Electricity	35.8	2,340	**1.52**	-23.0	-37.4
Nintendo	Japan	Toys	31.7	21,880	**1.39**	-35.1	-22.9
BHP Billiton	Australia	General Mining	125.2	41.05	**1.08**	44.3	60.0
Hutchison Whampoa	Hong Kong	Diversified Industrials	$28.7	52.15	**-2.61%**	38.0	-31.1
Mizuho Financial Grp	Japan	Banks	26.4	166.00	**-2.35**	-22.4	-80.4
China Constr Bk	Hong Kong	Banks	202.1	6.97	**-2.11**	50.9	65.6
POSCO	South Korea	Iron Steel	37.3	567,000	**-2.07**	48.8	90.9
Sumitomo Mitsui Finl	Japan	Banks	32.1	2,815	**-1.92**	-5.0	-77.1

...And the rest of Asia's blue chips

Company/Country (Industry)	Market value, in billions (U.S)	Latest, in local currency	STOCK PERFORMANCE Latest	52-week	Three-year
QBE Ins Grp Australia (Reinsurance)	21.0	23.00	**1.05%**	-7.9%	-12.4%
Shin-Etsu Chml Japan (Specialty Chemicals)	24.3	5,060	**1.00**	30.8	-35.3
NTT DoCoMo Japan (Mobile Telecommunications)	64.3	133,300	**0.98**	-21.5	-25.9
Kansai Elec Power Japan (Conventional Electricity)	23.1	2,135	**0.95**	-19.1	-30.5
Westfield Grp Australia (Retail REITs)	24.4	11.80	**0.85**	-9.5	-37.8
Hon Hai Precision Ind Taiwan (Electrical Components Equipment)	36.9	139.50	**0.72**	147.2	-3.7
Takeda Pharm Japan (Pharmaceuticals)	33.6	3,760	**0.53**	-17.0	-51.2
Mitsubishi Japan (Industrial Suppliers)	41.5	2,235	**0.45**	99.4	-0.9
RioZim Ltd Australia (General Mining)	39.6	71.90	**0.43**	173.2	21.7
Mitsubishi UFJ Finl Grp Japan (Banks)	65.8	503.00	**0.40**	9.8	-66.0
Panasonic Japan (Consumer Electronics)	29.7	1,269	**0.40**	18.6	-45.3
Sony Japan (Consumer Electronics)	29.1	2,585	**0.19**	36.3	-46.0
Samsung Elec South Korea (Semiconductors)	98.8	772,000	**0.13**	64.4	28.7
Nippon T&T Japan (Fixed Line Telecommunications)	57.0	3,810	**...**	-16.3	-35.4
Toyota Motor Japan (Automobiles)	133.6	3,750	**...**	36.4	-48.1
KB Fncl Group South Korea (Banks)	20.3	61,000	**...**	89.0	-10.5
Aus NZ Bk Australia (Banks)	49.9	21.93	**-0.09**	55.5	-21.8
Cheung Kong (Hldgs) Hong Kong (Real Estate Holding Development)	30.1	100.70	**-0.10**	36.1	11.2
Taiwan Smcndtr Mfg Taiwan (Semiconductors)	50.1	62.40	**-0.16**	53.7	-1.3
Westpac Bking Australia (Banks)	63.1	23.85	**-0.17**	33.4	-0.0

Company/Country (Industry)	Market value, in billions (U.S)	Latest, in local currency	STOCK PERFORMANCE Latest	52-week	Three-year
Woodside Petroleum Australia (Exploration Production)	31.1	48.20	**-0.21%**	48.6%	29.9%
Seven I Hldgs Japan (Broadline Retailers)	20.5	2,010	**-0.25**	-31.2	-44.9
Nippon Steel Japan (Iron Steel)	25.1	352.00	**-0.28**	20.1	-37.1
JFE Hldgs Japan (Iron Steel)	19.7	3,300	**-0.30**	33.1	-41.2
Honda Motor Japan (Automobiles)	62.8	3,040	**-0.33**	64.8	-27.6
National Australia Bk Australia (Banks)	52.2	27.89	**-0.39**	40.2	-28.0
Tokio Marine Japan (Property Casualty Insurance)	23.6	2,645	**-0.56**	12.8	-37.8
Shinhan Financial Grp South Korea (Banks)	19.1	46,250	**-0.64**	41.6	6.5
Sun Hung Kai Prop Hong Kong (Real Estate Holding Development)	38.8	117.30	**-0.68**	101.0	33.4
Woolworths Australia (Food Retailers Wholesalers)	30.7	27.43	**-0.80**	3.0	24.2
Nissan Motor Japan (Automobiles)	37.6	736.00	**-0.94**	125.1	-46.3
China Mobile (HK) Hong Kong (Mobile Telecommunications)	185.6	72.35	**-0.96**	-7.2	14.9
Japan Tobacco Japan (Tobacco)	32.7	301,000	**-0.99**	-6.5	-47.8
Canon Japan (Electronic Office Equipment)	51.8	3,710	**-1.07**	38.7	-42.7
CNOOC Hong Kong (Exploration Production)	68.5	11.88	**-1.16**	79.7	71.9
Commonwealth Bk of Australia Australia (Banks)	73.3	53.09	**-1.30**	77.0	12.3
PetroChina Hong Kong (Integrated Oil Gas)	26.4	9.69	**-1.42**	44.4	-5.4
Mitsui Japan (Industrial Suppliers)	26.1	1,276	**-1.62**	68.3	-24.9
China Life Ins Hong Kong (Life Insurance)	38.7	40.30	**-1.71**	74.5	111.9
Indl Comm Bk China Hong Kong (Banks)	69.9	6.52	**-1.81**	54.9	57.1

Sources: Dow Jones Indexes; WSJ Market Data Group

Tracking credit markets & dealmakers

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Hedge funds

Dow Jones Hedge Benchmark	TOTAL RETURN for rolling periods, net of fees* One week	One month	One quarter	Year to date	One year
Merger Arbitrage	0.39%	0.72%	1.8%	7.7%	8.3%
Event Driven	0.36	1.21	4.3	14.7	13.8
Equity Long/Short	0.69	0.95	0.2	3.5	-3.6

*Estimates as of 12/04/09, after fees; Source: www.djhedgefundindexes.com

Credit derivatives

Spreads on credit derivatives are one way the market rates creditworthiness. Regions that are treading in rough waters can see spreads swing toward the maximum—and vice versa. Indexes below are for five-year swaps.

Markit iTraxx Indexes

Index: series/version	Mid-spread, in pct. pts.	Mid-price	Coupon	SPREAD RANGE, in pct. pts. since most recent roll Maximum	Minimum	Average
Europe: 12/1	0.81	100.90%	0.01%	1.00	0.78	0.86
Eur. High Volatility: 12/1	1.23	98.95	0.01	1.76	1.21	1.43
Europe Crossover: 12/1	4.92	100.30	0.05	6.15	4.87	5.32
Asia ex-Japan IG: 12/1	1.03	99.85	0.01	1.29	0.96	1.10
Japan: 12/1	1.38	98.17	0.01	1.68	0.99	1.32

Note: Data as of December 7

Spreads

Spreads on five-year swaps for corporate debt; based on Markit iTraxx indexes.

In percentage points

Source: Markit Group

Credit-default swaps: Asian companies

At its most basic, the pricing of credit-default swaps measures how much a buyer has to pay to purchase-and how much a seller demands to sell-protection from default on an issuer's debt. The snapshot below gives a sense which way the market was moving yesterday.

Showing the biggest improvement...

	Yesterday	CHANGE, in basis points Yesterday	Five-day	28-day
Acom	404	**-12**	-21	8
Orix	388	**-7**	-16	26
Shin Han Bk	109	**-6**	-15	-13
Socialist Rep Vietnam	235	**-5**	-21	19
Obayashi	215	**-5**	-30	65
Hana Bank	109	**-5**	-13	-7
Rep Philippines	176	**-5**	-22	-4
Samsung Electrs	69	**-5**	-13	-8
Korea Dep Ins	76	**-4**	-15	-9
Bk of China	109	**-4**	-11	-8

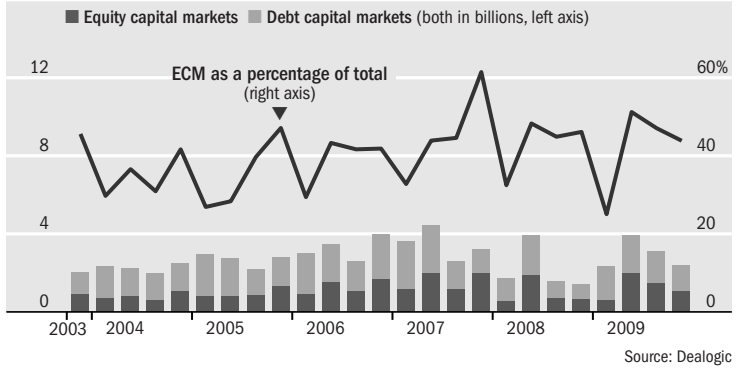
And the most deterioration

	Yesterday	CHANGE, in basis points Yesterday	Five-day	28-day
Chartered Semicon Mfg	161	**4**	-1	10
Nippon Oil	46	**4**	...	4
Mitsubishi Chem	120	**4**	-9	20
Nippon Sheet Glass	212	**4**	-19	23
Mitsubishi Matls	116	**5**	...	14
Softbank	452	**5**	-13	-13
Nomura Secs	168	**5**	10	27
IHI	342	**6**	-10	121
Nomura Hldgs	206	**7**	18	39
Nippon Paper Inds	98	**8**	-5	5

Source: Markit Group

Europe, Middle East & Africa: Bank revenues from equity capital markets

Behind every IPO, follow-on or convertible equity offering is one or more investment banks. At right, investment banks historical and year-to-date revenues from global equity-capital-market (ECM) deals



Source: Dealogic

GLOBAL MARKETS LINEUP

Commodities

Prices of futures contracts with the most open interest

EXCHANGE LEGEND: CBOT: Chicago Board of Trade; **CME:** Chicago Mercantile Exchange; **NYBOT:** New York Board of Trade; **MDEX:** Bursa Malaysia Derivatives Berhad; **LIFFE:** London International Financial Futures Exchange; **LME:** London Mercantile Exchange; **NYMEX:** New York Mercantile Exchange; **ICE:** IntercontinentalExchange

Commodity	Exchange	Last price	ONE-DAY CHANGE Net	ONE-DAY CHANGE Percentage	Contract high	Contract low
Corn (cents/bu.)	CBOT	**384.00**	0.25	**0.07%**	712.25	315.50
Soybeans (cents/bu.)	CBOT	**1048.50**	-4.50	**-0.43%**	1,315.00	794.00
Wheat (cents/bu.)	CBOT	**541.50**	-6.50	**-1.19**	1,029.25	459.00
Live cattle (cents/lb.)	CME	**83.300**	0.100	**0.12**	108.600	82.750
Cocoa ($/ton)	ICE-US	**3,357**	-21	**-0.62**	3,439	1,994
Coffee (cents/lb.)	ICE-US	**144.55**	-2.05	**-1.40**	188.65	115.00
Sugar (cents/lb.)	ICE-US	**22.28**	-0.17	**-0.76**	26.25	11.91
Cotton (cents/lb.)	ICE-US	**74.51**	-0.18	**-0.24**	84.00	49.67
Crude palm oil (ringgit/ton)	MDEX	**2,561.00**	2	**0.08**	2,606	2,013
Cocoa (pounds/ton)	LIFFE	**2,264**	1	**0.04**	2,268	1,475
Robusta coffee ($/ton)	LIFFE	**1,360**	-17	**-1.23**	1,955	1,295
Copper (cents/lb.)	COMEX	**317.40**	-3.50	**-1.09**	365.00	135.50
Gold ($/troy oz.)	COMEX	**1150.50**	-12.90	**-1.11**	1,227.50	762.30
Silver (cents/troy oz.)	COMEX	**1785.50**	-48.10	**-2.62**	2,011.50	1,045.00
Aluminum ($/ton)	LME	**2,164.00**	31.00	**1.45**	2,164.00	1,288.00
Tin ($/ton)	LME	**15,140.00**	190.00	**1.27**	15,700.00	9,750.00
Copper ($/ton)	LME	**7,004.50**	42.50	**0.61**	7,100.00	2,815.00
Lead ($/ton)	LME	**2,291.00**	-31.00	**-1.34**	2,487.00	870.00
Zinc ($/ton)	LME	**2,324.00**	-12.00	**-0.51**	2,406.00	1,065.00
Nickel ($/ton)	LME	**15,910**	-90	**-0.56**	21,150	9,345
Crude oil ($/bbl.)	NYMEX	**72.73**	-1.20	**-1.62**	139.00	47.31
Heating oil ($/gal.)	NYMEX	**1.9900**	-0.0197	**-0.98**	4.1847	1.3640
RBOB gasoline ($/gal.)	NYMEX	**1.9208**	-0.0198	**-1.02**	2.7100	1.1525
Natural gas ($/mmBtu)	NYMEX	**5.010**	0.039	**0.78**	12.920	4.432
Brent crude ($/bbl.)	ICE-EU	**76.28**	-1.02	**-1.32**	145.00	50.00
Gas oil ($/ton)	ICE-EU	**615.75**	-6.25	**-1.00**	790.00	443.50

Source: Thomson Reuters; WSJ Market Data Group

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Currencies

London close on Dec. 8

AMERICAS	Per euro	In euros	Per U.S. dollar	In U.S. dollars
Argentina peso-a	5.6050	0.1784	3.8035	0.2629
Brazil real	2.5785	0.3878	1.7498	0.5715
Canada dollar	1.5631	0.6398	1.0607	0.9428
1-mo. forward	1.5631	0.6398	1.0607	0.9428
3-mos. forward	1.5631	0.6398	1.0607	0.9428
6-mos. forward	1.5633	0.6397	1.0609	0.9426
Chile peso	744.52	0.001343	505.23	0.001979
Colombia peso	2947.89	0.0003392	2000.40	0.0004999
Ecuador US dollar-f	1.4737	0.6786	1	1
Mexico peso-a	18.9119	0.0529	12.8334	0.0779
Peru sol	4.2232	0.2368	2.8658	0.3489
Uruguay peso-e	28.957	0.0345	19.650	0.0509
U.S. dollar	1.4737	0.6786	1	1
Venezuela bolivar	3.16	0.316019	2.15	0.465701
ASIA-PACIFIC				
Australia dollar	1.6246	0.6155	1.1024	0.9071
China yuan	10.0614	0.0994	6.8276	0.1465
Hong Kong dollar	11.4215	0.0876	7.7505	0.1290
India rupee	68.7237	0.0146	46.6350	0.0214
Indonesia rupiah	13911	0.0000719	9440	0.0001059
Japan yen	130.36	0.007671	88.46	0.011305
1-mo. forward	130.33	0.007673	88.44	0.011307
3-mos. forward	130.28	0.007676	88.41	0.011311
6-mos. forward	130.15	0.007683	88.32	0.011322
Malaysia ringgit-c	5.0023	0.1999	3.3945	0.2946
New Zealand dollar	2.0757	0.4818	1.4085	0.7100
Pakistan rupee	123.860	0.0081	84.050	0.0119
Philippines peso	67.641	0.0148	45.900	0.0218
Singapore dollar	2.0536	0.4869	1.3936	0.7176
South Korea won	1703.86	0.0005869	1156.22	0.0008649
Taiwan dollar	47.494	0.02106	32.229	0.03103
Thailand baht	48.888	0.02045	33.175	0.03014

EUROPE	Per euro	In euros	Per U.S. dollar	In U.S. dollars
Euro zone euro	1	1	0.6786	1.4737
1-mo. forward	1.0001	0.9999	0.6786	1.4735
3-mos. forward	1.0003	0.9997	0.6788	1.4732
6-mos. forward	1.0008	0.9992	0.6792	1.4724
Czech Rep. koruna-b	25.832	0.0387	17.529	0.0570
Denmark krone	7.4433	0.1343	5.0509	0.1980
Hungary forint	274.25	0.003646	186.11	0.005373
Norway krone	8.5086	0.1175	5.7739	0.1732
Poland zloty	4.1308	0.2421	2.8031	0.3567
Russia ruble-d	45.046	0.02220	30.568	0.03271
Sweden krona	10.5024	0.0952	7.1268	0.1403
Switzerland franc	1.5109	0.6619	1.0253	0.9754
1-mo. forward	1.5105	0.6620	1.0250	0.9756
3-mos. forward	1.5099	0.6623	1.0246	0.9760
6-mos. forward	1.5087	0.6628	1.0238	0.9768
Turkey lira	2.2234	0.4498	1.5088	0.6628
U.K. pound	0.9039	1.1063	0.6134	1.6303
1-mo. forward	0.9041	1.1061	0.6135	1.6300
3-mos. forward	0.9045	1.1056	0.6138	1.6293
6-mos. forward	0.9050	1.1050	0.6141	1.6284
MIDDLE EAST/AFRICA				
Bahrain dinar	0.5556	1.8000	0.3770	2.6525
Egypt pound-a	8.0616	0.1240	5.4705	0.1828
Israel shekel	5.5994	0.1786	3.7997	0.2632
Jordan dinar	1.0430	0.9588	0.7078	1.4129
Kuwait dinar	0.4200	2.3810	0.2850	3.5088
Lebanon pound	2221.53	0.0004501	1507.50	0.0006634
Saudi Arabia riyal	5.5271	0.1809	3.7506	0.2666
South Africa rand	11.0822	0.0902	7.5203	0.1330
United Arab dirham	5.4128	0.1847	3.6731	0.2723
SDR -f	0.9250	1.0811	0.6277	1.5932

a-floating rate b-commercial rate c-government rate c-commercial rate d-Russian Central Bank rate f-Special Drawing Rights from the International Monetary Fund ; based on exchange rates for U.S., British and Japanese currencies.
Note: Based on trading among banks in amounts of $1 million and more, as quoted by Thomson Reuters.

Major stock market indexes

Stock indexes from around the world, grouped by region. Shown in local-currency terms.

Price-to-earnings ratio*	Region/Country	Index	PREVIOUS SESSION Close	Net change	Percentage change	PERFORMANCE Yr.-to-date	52-wk.
32	**ASIA-PACIFIC**	DJ Asia-Pacific	123.64	0.48	**0.39%**	32.1%	42.2%
...	Australia	SPX/ASX 200	4670.65	-5.81	**-0.12%**	25.5	29.6
...	China	CBN 600	29492.29	-297.97	**-1.00**	99.7	79.6
21	Hong Kong	Hang Seng	22060.52	-264.44	**-1.18**	53.3	49.5
19	India	Sensex	17227.68	244.54	**1.44**	78.6	88.0
...	Indonesia	Jakarta Composite	2483.892	0.134	**0.01**	83.3	96.2
...	Japan	Nikkei Stock Average	10140.47	-27.13	**-0.27**	14.5	20.8
...		Topix	896.70	-2.23	**-0.25**	4.4	9.6
...	Malaysia	Kuala Lumpur Composite	1261.46	-3.90	**-0.31**	43.9	51.0
...	New Zealand	NZSX-50	3137.305	-1.274	**-0.04**	15.5	15.1
8	Pakistan	KSE 100	8843.96	-148.95	**-1.66**	50.8	-3.7
16	Philippines	Manila Composite	3012.07	-34.56	**-1.13**	60.8	55.7
...	Singapore	Straits Times	2805.50	8.52	**0.30**	59.3	59.9
11	South Korea	Kospi	1627.78	-4.87	**-0.30**	44.8	47.2
21	Taiwan	Weighted	7768.71	-6.93	**-0.09**	69.2	73.7
10	Thailand	SET	698.82	-2.76	**-0.39**	55.3	64.9
50	**EUROPE**	DJ Stoxx 600	244.14	-3.74	**-1.51**	24.0	18.9
22		DJ Stoxx 50	2475.84	-37.46	**-1.49**	19.9	14.5
62	**Euro Zone**	DJ Euro Stoxx	265.81	-4.06	**-1.51%**	19.3%	18.3%
20		DJ Euro Stoxx 50	2852.47	-43.76	**-1.51**	16.4	15.0
19	Denmark	OMX Copenhagen	313.39	-3.27	**-1.03**	38.6	27.8
19	Finland	OMX Helsinki	6170.12	-28.38	**-0.46**	14.2	11.9
19	France	CAC-40	3785.30	-54.75	**-1.43**	17.6	14.8
...	Germany	DAX	5688.58	-96.17	**-1.66**	18.3	19.0
16	Italy	FTSE MIB	22404.32	-384.20	**-1.69**	15.1	14.2
...	Netherlands	AEX	315.43	-4.82	**-1.51**	28.3	24.5
...	Russia	RTSI	1353.23	-36.41	**-2.62**	114.2	110.8
11	Spain	IBEX 35	11808.9	-202.9	**-1.69**	28.4	30.3
14	Switzerland	SMI	6399.74	-70.87	**-1.10**	15.6	9.5
...	Turkey	ISE National 100	49591.37	-324.39	**-0.65**	84.6	106.3
15	U.K.	FTSE 100	5223.13	-87.53	**-1.65**	17.8	19.2
21	**AMERICAS**	DJ Americas	289.08	-3.29	**-1.13**	27.8	31.2
...	Brazil	Bovespa	67914.00	-598.19	**-0.87**	80.9	79.2
...	Argentina	Merval	2173.00		**Closed**		
20	Mexico	IPC	32069.05	-16.12	**-0.05**	43.3	52.0

*P/E ratios use trailing 12-months, as-reported earnings
European and Americas index data are as of 12:00 p.m. ET.

Sources: Thomson Reuters; WSJ Market Data Group

Reuters Group PLC is the primary data provider for several statistical tables in The Wall Street Journal, including foreign stock quotations, futures and futures options prices, and foreign exchange tables. Reuters real-time data feeds are used to calculate various Dow Jones Indexes.

Dow Jones and Dow Jones Stoxx Indexes

Dividend yield*	Price-to-earnings ratio*	Dows Jones Index	Last	Net change	PERFORMANCE Daily	Year-to-date	52-wk.	Three-yr., annualized
2.22%	20	**DJ Global Index**	223.49	-2.39	**-2.39%**	35.6%	-1.1%	-6.7%
1.89	21	**Global DOW**	1980.20	3.75	**3.75**	34.8	0.2	-1.9
2.38		**Asia/Pacific 600**	116.44	0.71	**0.71**	30.8	0.6	-6.7
1.79	15	**Emerging Markets**	274.10	-2.67	**-2.67**	88.3	-1.0	3.5
2.16	32	**Asia/Pacific**	123.64	0.47	**0.47**	42.2	0.4	-4.8
2.43	13	**Asia/Pacific ex-Japan**	309.51	-0.61	**-0.61**	80.5	-0.2	1.2
2.62	22	**Southeast Asia**	154.41	-0.19	**-0.19**	80.5	-0.1	1.7
0.81	32	**CBN China 600** -c	29492.29	-297.97	**-297.97**	79.6	-1.0	30.3
0.83	34	**Shanghai**	392.80	-4.28	**-4.28**	79.6	-1.1	30.3
0.56	49	**Shenzhen**	424.77	-1.86	**-1.86**	101.0	-0.4	36.6
2.13	20	**China Offshore 50**	4151.14	-56.36	**-56.36**	55.2	-1.3	12.1
9.07	9	**Australia LPT** -c, d	1083.80	6.21	**6.21**	1.2	0.6	-20.8

Dividend yield*	Price-to-earnings ratio*	Dows Jones Index	Last	Net change	PERFORMANCE Daily	Year-to-date	52-wk.	Three-yr., annualized
2.18%	15	**Islamic Market**	1931.35	-18.86	**-18.86%**	36.9%	-1.0%	-2.3%
2.48	16	**Islamic Market 100**	2087.29	-20.91	**-20.91**	23.4	-1.0	-2.9
9.89	20	**Bahrain**	118.50	-0.40	**-0.40**	-27.0	-0.3	-13.3
2.96	30	**Kuwait**	191.77	3.78	**3.78**	-28.1	2.0	-15.1
2.65	19	**Sustainability**	999.72	-15.52	**-15.52**	34.6	-1.5	-7.2
2.72	50	**Stoxx 600 -p**	274.52	-2.40	**-2.40**	40.3	-0.9	-8.1
4.74	17	**Stoxx Select Div 30 -p**	1824.15	-11.24	**-11.24**	39.9	-0.6	-20.0
3.98	23	**Euro Stoxx Sel Div 30 -p**	2175.25	-16.37	**-16.37**	41.5	-0.8	-15.4
1.78	29	**DJ U.S. TSM**	11208.49	-108.79	**-108.79**	26.4	-1.0	-7.6
3.99	15	**U.S. Select Dividend -d**	639.11	-6.68	**-6.68**	11.5	-1.0	-10.1
4.60		**U.S. REIT**	140.74	-0.20	**-0.20**	28.9	-0.1	-19.5
		DJ-UBS Commodity -p	134.75	-0.04	**-0.04**	22.8	-0.0	-7.4

*Fundamentals are based on data in U.S. dollar. Footnotes: c-in local currency. d-dividends reinvested. p-previous day. Note: All data as of 11:30 a.m. ET.

Source: Dow Jones Indexes

Cross rates

U.S.-dollar and euro foreign-exchange rates in global trading

U.S.	US$	A$	£	C$	YUAN	EURO	HK$	RUPEE	RUPIAH	YEN	NZ$	WON	RINGGIT	PH. PESO	S$	S FRANC	TW$	BAHT
		1.102	0.613	1.061	6.828	0.679	7.751	46.635	9440.20	88.460	1.409	1156.22	3.394	45.900	1.394	1.025	32.228	33.175
Australia	0.907		0.556	0.962	6.193	0.616	7.030	42.303	8563.20	80.242	1.278	1048.80	3.079	41.636	1.264	0.930	29.234	30.093
Britain	1.630	1.797		1.729	11.131	1.106	12.636	76.029	15390.35	144.216	2.296	1884.98	5.534	74.831	2.272	1.671	52.542	54.085
Canada	0.943	1.039	0.578		6.437	0.640	7.307	43.966	8899.97	83.398	1.328	1090.05	3.200	43.273	1.314	0.967	30.384	31.277
China	0.1465	0.161	0.090	0.155		0.099	1.135	6.830	1382.66	12.956	0.206	169.35	0.497	6.723	0.204	0.150	4.720	4.859
Euro	1.474	1.625	0.904	1.563	10.061		11.422	68.724	13911.55	130.359	2.076	1703.86	5.002	67.641	2.054	1.511	47.494	48.888
Hong Kong	0.129	0.142	0.079	0.137	0.881	0.088		6.017	1218.01	11.413	0.182	149.18	0.438	5.922	0.180	0.132	4.158	4.280
India	0.0214	0.0236	0.0132	0.0227	0.1464	0.0146	0.1662		202.43	1.8969	0.0302	24.79	0.0728	0.9842	0.0299	0.0220	0.6911	0.7114
Indonesia	0.0001	0.0001	0.0001	0.0001	0.0007	0.0001	0.0008	0.0049		0.0094	0.0001	0.12	0.0004	0.0049	0.0001	0.0001	0.0034	0.0035
Japan	0.011	0.012	0.007	0.012	0.077	0.008	0.088	0.527	106.72		0.016	13.07	0.038	0.519	0.016	0.012	0.364	0.375
New Zealand	0.710	0.783	0.435	0.753	4.847	0.482	5.502	33.109	6702.07	62.802		820.86	2.410	32.587	0.989	0.728	22.881	23.553
South Korea	0.0009	0.0010	0.0005	0.0009	0.0059	0.0006	0.0067	0.0403	8.16	0.0765	0.0012		0.0029	0.0397	0.0012	0.0009	0.0279	0.0287
Malaysia	0.295	0.325	0.181	0.312	2.011	0.200	2.283	13.738	2781.03	26.060	0.415	340.61		13.522	0.411	0.302	9.494	9.773
Philippines	0.022	0.024	0.013	0.023	0.149	0.015	0.169	1.016	205.67	1.927	0.031	25.19	0.074		0.030	0.022	0.702	0.723
Singapore	0.718	0.791	0.440	0.761	4.899	0.487	5.562	33.465	6774.21	63.478	1.011	829.69	2.436	32.937		0.736	23.127	23.806
Switzerland	0.975	1.075	0.598	1.035	6.659	0.662	7.560	45.486	9207.70	86.281	1.374	1127.74	3.311	44.770	1.359		31.435	32.358
Taiwan	0.031	0.034	0.019	0.033	0.212	0.021	0.240	1.447	292.91	2.745	0.044	35.88	0.105	1.424	0.043	0.032		1.029
Thailand	0.030	0.033	0.018	0.032	0.206	0.020	0.234	1.406	284.56	2.666	0.042	34.85	0.102	1.384	0.042	0.031	0.971	

Source: Thomson Reuters via WSJ Market Data Group

MSCI indexes

Developed and emerging-market regional and country indexes from MSCI Barra as of December. 08, 2009

Dividend yield	Price-to-earnings ratio	Morgan Stanley Index	Last	LOCAL-CURRENCY PERFORMANCE Daily	YTD	52-wk.
2.50%	25	**ALL COUNTRY (AC) WORLD***	298.38	-0.30%	**31.0%**	35.6%
2.50	26	**World (Developed Markets)**	1,165.33	-0.31	**26.6**	30.5
1.90	124	**World Small Cap**	187.18	-0.07	**39.5**	47.6
2.60	22	**Kokusai (World ex-Japan)**	1,153.12	-0.49	**29.2**	32.4
3.10	26	**EAFE**	1,594.50	-0.39	**28.9**	36.5
2.20	20	**Emerging Markets (EM)**	980.34	-0.30	**72.9**	86.0
2.60	25	**AC ASIA PACIFIC EX-JAPAN**	410.19	-0.36	**65.8**	80.3
2.10	25	**AC Far East ex-Japan**	445.89	0.03	**63.5**	79.9
1.80	35	**Japan**	560.98	1.08	**5.8**	8.8
1.90	20	**China**	66.50	-0.58	**63.0**	80.1
0.90	39	**China A (China Domestic)**	3,477.36	0.79	**100.5**	100.0
2.60	23	**Hong Kong**	10,283.66	-0.27	**56.9**	62.7
1.00	21	**India**	687.50	-1.04	**86.2**	98.5
1.10	24	**Korea**	466.97	0.48	**52.1**	56.3
2.40	21	**Malaysia**	466.95	-0.42	**45.4**	47.1
3.10	17	**Singapore**	1,567.27	0.09	**57.2**	59.3
2.70	315	**Taiwan**	281.35	1.63	**62.3**	68.0
3.10	20	**Thailand**	285.33	0.00	**54.2**	71.9
4.00	25	**Australia**	961.78	-0.56	**25.7**	24.6
5.30	16	**New Zealand**	83.33	-1.36	**9.8**	7.5
1.90	32	**US BROAD MARKET**	1,217.87	-0.19	**24.0**	25.9
3.40	17	**EUROPE**	86.16	-0.48	**24.1**	19.2

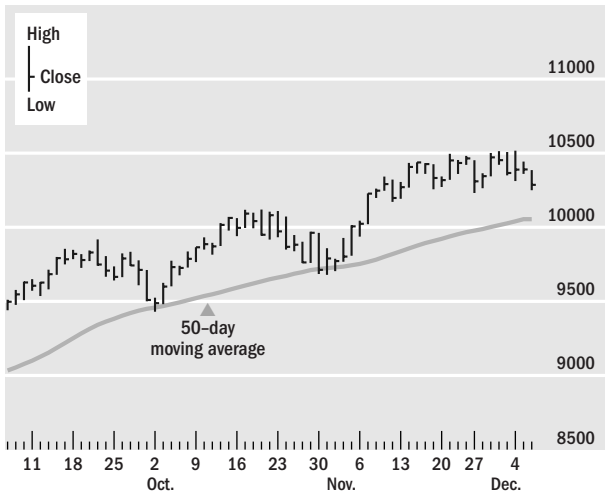
*Twenty-three developed and 26 emerging markets

Source: MSCI Barra

SCANNING THE GLOBE

Dow Jones Industrial Average P/E: 18

LAST: **10286.19** ▼ 103.92, or 1.00%
YEAR TO DATE: ▲ **1,509.80, or 17.2%**
OVER 52 WEEKS ▲ **1,594.86, or 18.4%**



Nasdaq Composite Index P/E: 44*

LAST: **2169.44** ▼ 20.17, or 0.92%
YEAR TO DATE: ▲ **592.41, or 37.6%**
OVER 52 WEEKS ▲ **622.10, or 40.2%**

S&P 500 Index P/E: 72

LAST: **1092.28** ▼ 10.97, or 0.99%
YEAR TO DATE: ▲ **189.03, or 20.9%**
OVER 52 WEEKS ▲ **203.61, or 22.9%**

*Price-to-earnings ratio for the Nasdaq 100 Note: Price-to-earnings ratios are for trailing 12 months

Sources: WSJ Market Data Group; Birinyi Associates

DJIA component stocks

Stock	Symbol	Volume, in millions	Latest	CHANGE Points	CHANGE Percentage
AT&T	T	**11.20**	$27.85	-0.12	**-0.43%**
Alcoa	AA	**9.60**	12.90	-0.15	**-1.15**
AmExpress	AXP	**3.20**	39.33	-0.08	**-0.20**
BankAm	BAC	**123.80**	15.49	-0.40	**-2.52**
Boeing	BA	**2.10**	55.79	-0.03	**-0.05**
Caterpillar	CAT	**3.00**	57.00	-0.56	**-0.97**
Chevron	CVX	**3.50**	77.15	-1.02	**-1.31**
CiscoSys	CSCO	**19.60**	23.97	-0.24	**-0.99**
CocaCola	KO	**3.80**	57.23	-0.64	**-1.11**
Disney	DIS	**3.70**	30.64	-0.36	**-1.16**
DuPont	DD	**3.10**	31.94	-0.46	**-1.42**
ExxonMobil	XOM	**7.40**	72.80	-0.97	**-1.31**
GenElec	GE	**31.70**	15.78	-0.30	**-1.87**
HewlettPk	HPQ	**5.10**	48.97	-0.24	**-0.49**
HomeDpt	HD	**7.30**	27.74	-0.48	**-1.70**
Intel	INTC	**36.10**	20.08	-0.29	**-1.42**
IBM	IBM	**2.20**	127.04	0.00	**0.00**
JPMorgChas	JPM	**18.10**	40.96	-0.29	**-0.70**
JohnsJohns	JNJ	**4.70**	64.26	-0.11	**-0.17**
KftFoods	KFT	**3.70**	26.53	-0.15	**-0.56**
McDonalds	MCD	**6.60**	60.69	-1.24	**-2.01**
Merck	MRK	**7.60**	36.70	0.00	**0.00**
Microsoft	MSFT	**18.40**	29.63	-0.16	**-0.54**
Pfizer	PFE	**27.00**	17.92	-0.14	**-0.78**
ProctGamb	PG	**3.90**	62.02	-0.45	**-0.72**
3M	MMM	**2.80**	77.16	-0.75	**-0.96**
TravelersCos	TRV	**1.30**	50.07	-0.17	**-0.34**
UnitedTech	UTX	**1.40**	68.20	-0.66	**-0.96**
Verizon	VZ	**10.50**	33.53	0.28	**0.84**
WalMart	WMT	**7.80**	54.70	-0.23	**-0.42**

U.S. stocks: most active...

Stock	Symbol	Volume, in millions	Latest	CHANGE Points	CHANGE Percentage
Citigroup	C	**256.5**	$3.91	–$0.12	**–2.98%**
BankAm	BAC	**129.0**	15.50	–0.39	**–2.45**
SPDR S&P 500	SPY	**83.3**	110.02	–0.82	**–0.74**
PwrShrs QQQ	QQQQ	**51.0**	43.92	0.01	**0.02**
Kroger	KR	**46.7**	20.30	–2.55	**–11.16**
SprintNextel	S	**43.7**	3.99	–0.19	**–4.55**
iShrMSCIEmrgMkt	EEM	**39.0**	40.95	–0.53	**–1.28**
SPDR FnclSelSct	XLF	**38.4**	14.29	–0.10	**–0.69**
Intel	INTC	**36.1**	20.08	–0.29	**–1.42**
QwestComm	Q	**34.4**	4.14	0.03	**0.73**
iShrRu2000	IWM	**33.8**	60.34	–0.17	**–0.28**
GenElec	GE	**32.2**	15.78	–0.30	**–1.87**
NY CmntyBcp	NYB	**30.8**	12.85	–0.55	**–4.10**
LaJolla	LJPC	**30.5**	0.23	0.10	**73.08**
DrxFinancBear 3x	FAZ	**30.2**	20.63	0.39	**1.93**

Biggest gainers...

RelmWire	RWC	**4,726.8**	$4.12	$1.69	**69.55%**
BioTime Wt	BTIM%	**21.9**	2.80	0.70	**33.33**
Quadramed	QDHC	**1,914.9**	8.33	1.92	**29.95**
McClatchy A	MNI	**2,233.4**	3.21	0.60	**22.99**
Talbots	TLB	**7,918.4**	8.86	1.65	**22.87**

...Biggest losers

PharmAthene	PIP	**3,826.5**	$1.59	-$1.67	**-51.23%**
SCM Micro	SCMM	**13.0**	2.17	-0.53	**-19.63**
SoCTBcp	SSE	**5.1**	2.30	-0.45	**-16.36**
ImprlSugar	IPSU	**274.8**	15.99	-2.25	**-12.34**
Banner	BANR	**306.7**	2.37	-0.32	**-11.90**

ADRs of Asian companies*

52-WEEK High	52-WEEK Low	Stock	Symbol	Volume, in OOOs	Latest	CHANGE Points	CHANGE Percentage
$11.39	$5.96	**Taiwan Semi**	TSM	**4,732.6**	$10.89	0.01	**0.07%**
78.75	32.33	**BHP Billiton**	BHP	**2,097.3**	72.94	-1.93	**-2.58**
11.73	5.48	**AU Optrncs**	AUO	**1,068.0**	10.88	-0.12	**-1.09**
3.87	1.62	**Utd Microelectronics**	UMC	**869.1**	3.51	-0.04	**-1.13**
15.95	8.56	**China Unicom**	CHU	**804.7**	13.01	-0.14	**-1.04**
59.22	40.20	**China Mobile**	CHL	**739.9**	46.65	-0.57	**-1.21**
6.84	3.71	**Mitsu UFJ Fnl**	MTU	**714.9**	5.59	0.09	**1.64**
4.63	1.40	**Adv Semi Engrg**	ASX	**633.7**	4.20	-0.22	**-5.02**
53.13	21.87	**Infosys Tech**	INFY	**595.3**	51.87	0.22	**0.43**
18.80	12.59	**SK Telecom**	SKM	**465.9**	16.49	-0.26	**-1.55**
9.50	3.96	**Nomura Hldgs**	NMR	**458.7**	7.66	-0.16	**-2.05**
81.00	37.43	**China Life Ins**	LFC	**370.4**	77.93	-1.15	**-1.45**
8.19	3.14	**Siliconware Prec Ind**	SPIL	**360.0**	6.92	-0.17	**-2.40**
135.92	63.94	**PetroChina**	PTR	**347.4**	125.13	-1.27	**-1.00**
30.82	15.64	**Sony**	SNE	**332.2**	28.68	0.23	**0.81**
32.79	9.91	**Aluminum Cp of China**	ACH	**304.7**	27.50	-0.63	**-2.24**
19.56	15.05	**ChunghwaTel**	CHT	**281.8**	18.04	-0.01	**-0.06**
87.67	55.41	**Toyota Motor**	TM	**203.8**	83.41	0.51	**0.62**
17.66	10.48	**KT Corp**	KTC	**195.4**	16.56	-0.15	**-0.90**
150.50	47.09	**POSCO**	PKX	**182.3**	120.73	-4.24	**-3.39**
15.29	6.85	**Korea Elec Pwr**	KEP	**157.6**	13.93	-0.08	**-0.57**
27.96	17.71	**NTT**	NTT	**154.9**	21.41	0.17	**0.80**
34.52	17.35	**Honda Motor**	HMC	**145.7**	33.78	0.01	**0.03**
7.10	2.00	**Alumina**	AWC	**132.0**	5.67	-0.16	**-2.73**
9.82	5.43	**Telecom Corp of NZ**	NZT	**124.5**	8.47	-0.11	**-1.28**
167.15	71.74	**CNOOC**	CEO	**122.4**	152.45	-1.72	**-1.12**
34.43	22.65	**Huaneng Power Intl**	HNP	**120.0**	23.93	-0.42	**-1.72**
21.59	5.11	**Yanzhou Coal Mining**	YZC	**118.6**	20.78	-0.10	**-0.48**
20.35	13.11	**NTT DoCoMo**	DCM	**115.3**	14.95	0.24	**1.63**
41.61	21.23	**Canon**	CAJ	**112.5**	41.21	-0.12	**-0.29**

*Most active American depositary receipts tracked by Dow Jones

Source: WSJ Market Data Group

Global government bonds

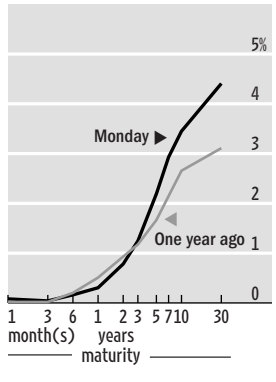
Latest, month-ago and year-ago yields and spreads over or under U.S. Treasurys on benchmark two-year and 10-year government bonds around the world. Data as of 11 a.m. ET

Coupon	Country/ Maturity, in years	Yield	SPREAD OVER TREASURYS, in basis points Latest	Previous	Month ago	Year ago	YIELD Previous	Month ago	Year ago
5.750%	**Australia** 2	**4.480%**	**373.8**	367.3	382.8	**218.3**	**4.475%**	4.680%	**3.126%**
4.500	10	**5.560**	**218.7**	207.4	219.2	**156.2**	**5.520**	5.697	**4.303**
5.250	**Austria** 2	**0.869**	**12.7**	11.8	9.2	**134.5**	**0.920**	0.944	**2.288**
4.350	10	**3.499**	**12.6**	4.4	16.4	**101.8**	**3.490**	3.669	**3.759**
3.500	**Belgium** 2	**1.010**	**26.8**	28.1	25.8	**174.7**	**1.083**	1.110	**2.690**
4.000	10	**3.569**	**19.6**	12.9	23.3	**124.2**	**3.575**	3.738	**3.983**
1.250	**Canada** 2	**1.196**	**45.4**	44.8	55.1	**64.5**	**1.250**	1.403	**1.588**
3.750	10	**3.252**	**-12.1**	-13.0	1.6	**34.7**	**3.316**	3.521	**3.088**
4.000	**Denmark** 2	**1.973**	**123.1**	132.7	152.6	**243.4**	**2.129**	2.378	**3.377**
4.000	10	**3.494**	**12.1**	12.4	23.2	**92.6**	**3.570**	3.737	**3.667**
1.500	**France** 2	**1.152**	**41.0**	45.5	50.8	**167.1**	**1.257**	1.360	**2.614**
3.750	10	**3.420**	**4.7**	-0.1	14.1	**89.5**	**3.445**	3.646	**3.636**
1.250	**Germany** 2	**1.238**	**49.6**	53.4	43.6	**126.6**	**1.336**	1.288	**2.209**
3.250	10	**3.136**	**-23.7**	-26.3	-14.6	**38.3**	**3.183**	3.359	**3.124**
0.550	**Hong Kong** 2	**0.447**	**-29.5**	-32.8	-34.3	**11.7**	**0.474**	0.509	**1.060**
2.160	10	**2.497**	**-87.6**	-90.3	-111.4	**-80.4**	**2.543**	2.391	**1.937**
3.750	**Italy** 2	**1.535**	**79.3**	75.9	69.8	**241.5**	**1.561**	1.550	**3.358**
4.250	10	**3.977**	**60.4**	50.1	52.1	**178.4**	**3.947**	4.026	**4.525**
0.300	**Japan** 2	**0.190**	**-55.2**	-61.7	-57.7	**-36.3**	**0.185**	0.275	**0.580**
1.300	10	**1.267**	**-210.6**	-215.9	-206.0	**-136.1**	**1.287**	1.445	**1.380**
4.000	**Netherlands** 2	**0.833**	**9.1**	8.9	10.1	**152.0**	**0.891**	0.953	**2.463**
4.000	10	**3.386**	**1.3**	-2.6	11.7	**99.1**	**3.420**	3.622	**3.732**
3.200	**Portugal** 2	**1.223**	**48.1**	48.4	37.8	**214.2**	**1.286**	1.230	**3.085**
4.750	10	**3.802**	**42.9**	30.9	35.6	**133.5**	**3.755**	3.861	**4.076**
5.350	**Spain** 2	**1.336**	**59.4**	60.6	57.3	**196.9**	**1.408**	1.425	**2.912**
4.300	10	**3.745**	**37.2**	29.1	38.7	**120.6**	**3.737**	3.892	**3.947**
4.000	**Switzerland** 2	**0.375**	**-36.7**	-42.0	-35.6	**14.0**	**0.382**	0.496	**1.083**
3.000	10	**1.922**	**-145.1**	-155.1	-149.6	**-59.9**	**1.895**	2.009	**2.142**
3.250	**U.K.** 2	**1.162**	**42.0**	37.6	-3.0	**101.0**	**1.178**	0.822	**1.953**
4.500	10	**3.693**	**32.0**	23.7	37.9	**84.2**	**3.683**	3.884	**3.583**
0.750	**U.S.** 2	**0.742**	**...**	...	...	**...**	**0.802**	0.852	**0.943**
3.375	10	**3.373**	**...**	...	...	**...**	**3.446**	3.505	**2.741**

Source: Thomson Reuters

U.S. Treasury yield curve

The curve shows the yield to maturity of current bills, notes and bonds; all data as of 3 p.m. ET.



Ryan Index	Yield to maturity	Modified duration	TOTAL RETURN Month to-date	Quarter to-date	Year to-date	12-month
30-year Treasury	**4.407%**	16.52	–3.37%	–4.88%	–22.94%	–16.84%
10-year Treasury	**3.450**	8.36	–1.98	–0.49	–6.62	–3.27
7 Year Treasury	**2.929**	6.30	–1.43	0.86	...	...
Five-year Treasury	**2.192**	4.70	–0.81	1.41	1.38	2.46
Ryan Index	**2.501**	6.79	–1.36	–0.21	–4.60	–1.96
3 Year Treasury	**1.245**	2.87	–0.36	1.11	2.19	3.06
Two-year Treasury	**0.782**	1.96	–0.20	0.73	1.86	2.38
1 Year Treasury	**0.305**	0.95	–0.04	0.26	1.01	1.25
Six-month Treasury	**0.162**	0.50	...	0.07	0.63	0.75
Ryan Cash Index-a	**0.147**	0.44	–0.01	0.10	0.54	0.62
Three-month bill	**0.041**	0.25	0.01	0.05	0.36	0.35
One-month bill	**0.081**	0.07	...	0.01	0.14	0.14

a-Performance of a cash investment

Source: Ryan ALM

Key money rates

	Latest	52 wks ago
Prime rates		
U.S.	**3.25%**	4.00%
Canada	**2.25**	3.50
Japan	**1.475**	1.675
Britain	**0.50**	2.00
ECB	**1.00**	2.50
Switzerland	**0.53**	2.09
Australia	**3.75**	4.25
Hong Kong	**5.25**	n.a.
Libor		
One month	**0.23469%**	1.63500%
Three month	**0.25594**	2.16375
Six month	**0.46813**	2.52500
One year	**1.01500**	2.71000

	Latest	52 wks ago
Euro Libor		
One month	**0.45688%**	3.09375%
Three month	**0.68000**	3.42000
Six month	**0.98125**	3.51625
One year	**1.22125**	3.61750
Hibor		
One month	**0.05000**	1.13857%
Three month	**0.10821**	1.75214
Six month	**0.25786**	2.29714
One year	**0.55786**	2.45000
Asian dollars		
One month	**0.2445%**	1.81%
Three month	**0.2658**	2.1900
Six month	**0.4900**	2.5713
One year	**1.0325**	2.7125

	Offer	Bid
Eurodollars		
One month	**0.3000%**	0.2000%
Three month	**0.4000**	0.3000
Six month	**0.5500**	0.4500
One year	**0.6500**	0.5500

	Latest	52 wks ago
U.S. discount	**0.50%**	1.25%
Fed-funds target	**0.25**	1.00
Call money	**2.00**	2.75
Overnight repurchase rates		
U.S.	**0.18%**	0.08%
U.K. (BBA)	**0.477**	1.508
Euro zone	**0.36**	2.35

Sources: WSJ Market Data Group; Reuters

MARKETS LINEUP

Moving the markets

At right, Japan's benchmark stock index and the biggest movers among the larger Asian stocks indexes and stocks Tuesday. Below each index are its most actively traded stocks. The charts show the percentage change in each index's or stock's value, rather than the point change, for purposes of comparison. The index level or stock price is indicated on each axis. All indexes and stocks are shown in local currency terms.

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Asian index movers...

Nikkei Stock Average
Japan 10140.47
▼ **0.27% or 27.13**

A six-day winning streak was snapped as the yen's rise provided a catalyst for selling in exporters such as NEC, which fell 3.5%. Shippers' stocks also tumbled.

Stock	Volume in millions	Close	Change Net	Change %
Hitachi	**160.30**	236	–2	–0.84
Mizuho Financial	**112.52**	166	–4	–2.35
Nippon Yusen	**69.49**	267	–16	–5.65
Mtshbsh Fin Grp	**64.24**	503	2	0.40
Toshiba	**62.27**	509	10	2.00

Sensex
India 17227.68
▲ **1.44% or 244.54**

Gains were led by financial and technology stocks and Reliance Industries. Software exporters were firm, aided by a stronger U.S. dollar. Infosys climbed 2.1%.

Stock	Volume in millions	Close	Change Net	Change %
Dlf-A	**2.56**	382.60	13.05	3.53
Reliance Com-A	**2.55**	179.85	3.95	2.25
Bharti Airtel-A	**2.22**	329.20	12.80	4.05
Tata Steel-A	**1.61**	568.55	12.25	2.20
Hindalco-A	**1.27**	146.20	3.65	2.56

Hang Seng
Hong Kong 22060.52
▼ **1.18% or 264.44**

Shares fell for the third consecutive session as Chinese banks declined due to concerns about possible fund-raising plans. China Construction Bank slipped 2.1%.

Stock	Volume in millions	Close	Change Net	Change %
Icbc	**251.27**	6.52	–0.12	–1.81
Bank Of China	**219.13**	4.35	–0.07	–1.58
CCB	**203.16**	6.97	–0.15	–2.11
ChinaPetroChem	**104.11**	6.48	–0.05	–0.77
PetroChina	**74.20**	9.69	–0.14	–1.42

CBN 600
China 29492.29
▼ **1.00% or 297.97**

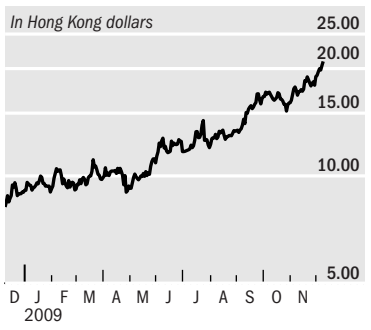
Stocks were dragged down by profit-taking after recent gains and concerns about the market's ability to absorb new supply after a slew of companies launched IPOs.

Stock	Volume in millions	Close	Change Net	Change %
China State Con	**677.91**	5.01	0.01	0.20
ChinaVankeCoA	**268.22**	12.16	–0.13	–1.06
ChinaMinsheng	**212.06**	7.84	–0.16	–2.00
United Network	**165.64**	6.62	–0.09	–1.34
ChinaPetrol&Chem	**159.84**	12.77	0.04	0.31

Asian stocks in the news

China Yurun Food
Hong Kong HK$20.95
▲ **2.7% or HK$0.55**

Meat processor gained on view that it will benefit from China's urbanization initiatives.



	Price-to-earnings ratio			**25**
	Earnings per share, past four quarters			**0.85**
	Dividend yield			**1.1**
		PERCENTAGE CHANGE Daily	1 wk.	52 wks
Food & Beverage		**1.1%**	0.6%	39.0%
China Yurun Food		**2.7%**	9.5%	156.1%

Mirvac Grp
Australia A$1.46
▲ **3.6% or A$0.05**

Company sold 61.3 million stapled securities to Mirvac REIT unitholders.

	Price-to-earnings ratio			**none**
	Earnings per share, past four quarters			**-0.65**
	Dividend yield			**1.4**
		PERCENTAGE CHANGE Daily	1 wk.	52 wks
Real Estate		**-0.4%**	0.9%	51.9%
Mirvac Grp		**3.6%**	-4.9%	40.7%

Asciano Group
Australia A$1.75
▲ **3.9% or A$0.06**

Shares rose after the rail and ports operator signed a 10-year coal haulage contract.

	Price-to-earnings ratio			**none**
	Earnings per share, past four quarters			**-0.33**
	Dividend yield			**none**
		PERCENTAGE CHANGE Daily	1 wk.	52 wks
Indus Gds & Svcs		**0.6%**	3.7%	55.0%
Asciano Group		**3.9%**	1.7%	74.9%

China Mengniu Dairy
Hong Kong HK$28.80
▲ **4.7% or HK$1.30**

Stock climbed after J.P. Morgan raised its target price on the dairy company.

	Price-to-earnings ratio			**none**
	Earnings per share, past four quarters			**-0.64**
	Dividend yield			**none**
		PERCENTAGE CHANGE Daily	1 wk.	52 wks
Food & Beverage		**1.1%**	0.6%	39.0%
China Mengniu Dairy		**4.7%**	15.7%	185.1%

Yahoo Japan
Japan ¥28,280
▲ **5.2% or ¥1,400**

Recent target price increase by Macquarie Securities helped push stock higher.

	Price-to-earnings ratio			**20**
	Earnings per share, past four quarters			**1393.90**
	Dividend yield			**0.5**
		PERCENTAGE CHANGE Daily	1 wk.	52 wks
Technology		**0.4%**	3.4%	73.7%
Yahoo Japan		**5.2%**	9.6%	-15.1%

Mitsui Fudosan
Japan ¥1,559
▼ **2.9% or ¥47**

Developer's shares slid despite Macquarie citing signs of recovery in grade-A office sector.

	Price-to-earnings ratio			**28**
	Earnings per share, past four quarters			**56.20**
	Dividend yield			**1.4**
		PERCENTAGE CHANGE Daily	1 wk.	52 wks
Real Estate		**-0.4%**	0.9%	51.9%
Mitsui Fudosan		**-2.9%**	1.5%	15.4%

NEC
Japan ¥221
▼ **3.5% or ¥8**

The yen's rise provided a catalyst for selling in exporters such as NEC.

	Price-to-earnings ratio			**58**
	Earnings per share, past four quarters			**3.80**
	Dividend yield			**1.8**
		PERCENTAGE CHANGE Daily	1 wk.	52 wks
Technology		**0.4%**	3.4%	73.7%
NEC		**-3.5%**	0.9%	-11.6%

Kawasaki Kisen Kaisha
Japan ¥264
▼ **5.4% or ¥15**

Stock fell as volatility in the shipping sector sparked profit-taking.

	Price-to-earnings ratio			**none**
	Earnings per share, past four quarters			**-139.30**
	Dividend yield			**none**
		PERCENTAGE CHANGE Daily	1 wk.	52 wks
Indus Gds & Svcs		**0.6%**	3.7%	55.0%
Kawasaki Kisen Kaisha		**-5.4%**	4.8%	-28.1%

Nippon Yusen K.K.
Japan ¥267
▼ **5.7% or ¥16**

A drop in the Baltic Exchange's main sea freight index set shares lower.

	Price-to-earnings ratio			**none**
	Earnings per share, past four quarters			**-27.60**
	Dividend yield			**0.7**
		PERCENTAGE CHANGE Daily	1 wk.	52 wks
Indus Gds & Svcs		**0.6%**	3.7%	55.0%
Nippon Yusen K.K.		**-5.7%**	2.3%	-46.2%

Shinsei Bank
Japan ¥103
▼ **6.4% or ¥7**

Shares slumped amid weakness in the banking sector across the region.

	Price-to-earnings ratio			**21**
	Earnings per share, past four quarters			**4.90**
	Dividend yield			**1.0**
		PERCENTAGE CHANGE Daily	1 wk.	52 wks
Banks		**-0.4%**	-1.5%	46.8%
Shinsei Bank		**-6.4%**	-8.8%	-30.9%

HEARD ON THE STREET

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Japan needs a clear plan

It is becoming evident that Japan's new government doesn't have a clear long-term economic plan.

A pump-priming package released Tuesday confirms a lack of strategic thinking in Tokyo.

Spending almost $81 billion, Japan's leadership is largely extending the previous government's unoriginal plan: funding short-term measures to boost employment and reward buyers of energy-efficient cars and electronics. With credit guarantees, the package's value balloons to $274 billion.

Deflation, which increases the debt burden on borrowers and erodes companies' pricing power, is officially back.

Such steps have proved effective so far. The problem is that Tokyo continues to address only the symptoms and not the illness, which is a structural lack of domestic demand. Fostered by uncertainty over jobs, wages and pensions, this lack of demand has been made worse by the economic and export slowdown.

Without structural reforms, Japan could be stuck in a borrowing trap to fund endless spending packages that will aggravate the industrialized world's worst debt situation. And investors will get impatient—the only question is when.

Admittedly, deep reforms are a tall order for a two-month-old government with just a handful of experienced policy makers.

But an easy start would be to make the actual problems the topic of discussion, something the Democratic Party of Japan fails to do by extending incentives for energy-efficient refrigerators.

Deregulation and better corporate governance are among the sorely needed changes,. Moving to address both issues would encourage foreign investment. One step that wouldn't cost taxpayers much is to strengthen governance by toughening standards on board independence and banks' shareholdings in other firms with an aim to improving Japan Inc.'s performance.

This would improve returns on Japan's pension funds and increase confidence in their viability.

Over the past five fiscal years, Canada's return on public pension funds was 2.8% and Sweden's was 3%. Japan's return was 0.7%.

The Democrats want to wait until 2013 to pass legislation to fix the state pension system. The delay is partly because the government wants to match about 10 million pension records with beneficiaries, as many who have switched jobs have multiple records thanks to slipshod recordkeeping.

Meanwhile, an old demon has returned.

Deflation, which increases the debt burden on borrowers and erodes companies' pricing power, is officially back. Both Japan's government and the central bank have done little beyond acknowledging the problem.

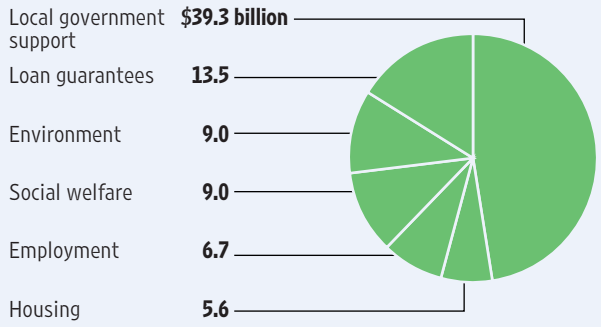
To be sure, the administration inherited this structural mess from the other guys. But they can't point fingers forever.

—James Simms

Agence France-Presse/Getty Images

Stimulating numbers

Japan's pump-priming package, in U.S. dollars



Note: Figure may be different due to rounding in government numbers.
Source: Japanese government

Rusal's flirtation with Hong Kong

Why is listing **Rusal** such a drama? The Russian aluminum giant has postponed an initial public offering yet again. It's unlikely to take place on the Hong Kong market before the second quarter of next year despite assurances from controlling shareholder Oleg Deripaska it would be done this year. Whether listing such a secretive Russian company on a second-string stock market will ever happen remains an open question.

The latest obstacle is Hong Kong's demand for assurances that Rusal has an alternative should it be unable to repay a $4.5 billion loan from Vneshconombank, the state-owned bank chaired by Prime Minister and former President Vladimir Putin. The loan, rolled over once, falls due next October. According to people close to Rusal, VEB's pedigree is such that it would be unthinkable for the bank to leave Rusal in the lurch, which makes Hong Kong's nervousness about the issue seem more odd.

Hong Kong left it to the last minute to raise the issue, perhaps to show investors Rusal will list only on a timetable of its choosing. True, the IPO would net a large, international company—Rusal would likely have a market value of more than $20 billion—for the Hong Kong exchange, which boasts few of them. If the IPO went well, it might encourage other natural-resources companies from the former Soviet Union to list in Hong Kong rather than London, so far the market of choice.

Yet Rusal would remain a tightly held company hailing from a country dogged by corruption and political risk. Its financial strength remains uncertain: After all, Rusal completed the renegotiation of $16.8 billion in foreign and local bank debt only last week. It had a $784 million first-half net loss. The IPO might not raise much more than $2 billion.

Rusal is putting a brave face on the delay. A private placement rather than an IPO is an option. A listing early next year might suit it better if recent stock-market wobbles subside and aluminum prices continue to rise.

With the renegotiation out of the way, Mr. Deripaska might have second thoughts.

There is, however, the possibility that with the debt renegotiation out of the way, Mr. Deripaska might yet have second thoughts about the public scrutiny involved in listing Rusal. He has to set that against the credibility he would gain and the exit it provides minority shareholders, fellow tycoons Viktor Vekselberg and Len Blavatnik and commodities-trading firm **Glencore**.

*—**Matthew Curtin***

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